

**2/16/77 [1]**

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**WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)**

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo w/att	From Sec. of State to The President( 4 pp.) Re: Advisory Board on Ambassadorial Appoint- ments	2/16/77	A
<del>Memo w/att.</del>	<del>From Hamilton Jordan to The President (2 pp.)</del> <i>Open 8/6/73</i> <i>3 pp.</i>	<del>2/16/77</del>	<del>C</del>

**FILE LOCATION**

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.- Pres.  
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**RESTRICTION CODES**

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THE PRESIDENT'S SCHEDULE

Wednesday - February 16, 1977

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THE PRESIDENT HAS SEEN,

8:30 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:30 TV

10:00 Mr. Jody Powell - The Oval Office.

10:30 Depart South Grounds via Motorcade en route  
Department of Health, Education and  
Welfare.

10:45 Visit Department of Health, Education and Welfare.

11:25 Depart via Motorcade en route Department of  
Agriculture.

11:30 Visit Department of Agriculture.

12:10 Return to the White House.

1:30 Mr. Hamilton Jordan - The Oval Office.

Swim & Army

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PMW  
MEMORANDUM

THE PRESIDENT HAS SEEN. C

THE WHITE HOUSE  
WASHINGTON

February 16, 1977

TO : The President  
FROM: Jody Powell  
RE : 10:30 a.m. Meeting with Reporters,  
Thursday, February 17

The following reporters will be present for the meeting tomorrow morning:

Paul F. Healy, Vice President, White House Correspondents Association; White House correspondent, The New York Daily News (morning newspapers)

Frank Cormier, White House correspondent, Associated Press; former President, White House Correspondents Association; senior White House reporter for wire services (wire services)

Wes Pippert, White House correspondent, United Press International (wire services)

John Mashek, White House correspondent, U. S. News & World Report (magazines)

Clifford Evans, White House correspondent, RKO General Broadcasting (radios)

Lawrence M. O'Rourke, President, White House Correspondents Association; White House correspondent, The Philadelphia Bulletin (afternoon newspapers)

Sam Donaldson, White House correspondent, ABC News (television networks)

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C.

GENERAL COMMENTS

The purpose of this meeting is to allow them to express their ideas to you, not to arrive at a joint decision. Your attitude should be one of soliciting their views. (Stay away from words like "help" or "advice" -- they imply collusion and assistance to the administration, which offends their tender sensibilities.)

We should let them talk, react with interest where appropriate, and let them know I'll get back to them on the points discussed.

COVERAGE OF THE CABINET

We need to let them down as easily as possible. Ask them their thoughts on it, whether it can be effectively done. Point out that a number of people have expressed concern to you about its "chilling" impact on free discussion.

Ask them about the briefings that have been done on Cabinet meetings, how they are working, are they worthwhile?

At end of discussion, tell them, if you can, that some portion of next week's meeting will be open -- just to give them something to take back.

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THE WHITE HOUSE  
WASHINGTON

February 16, 1977

Hamilton Jordan -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Rick Merrill

Re: Bella Abzug

---

THE WHITE HOUSE  
WASHINGTON

cc Ham  
Rick Merrill



MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

*Ham -  
I agree.  
J*

February 14, 1977

MEMORANDUM FOR:

~~HAMILTON JORDAN~~

*To: The President  
From: Hamilton  
F.Y.I.*

FROM:

~~RICK MERRILL~~

RE:

Valentine for Bella Abzug

I realize that this is a bit late, since the President met with Bella today, but I do want to get my two cents in.

While in Congress, Bella was one of the most effective members I knew. She came to the House with two agendas -- women's rights, and New York City. She was more effective in both areas than any other New York State member; in the area of women's rights, she did it all. Starting with the Public Works Committee, on which she served, she began writing the ERA into every piece of federal legislation -- thus rendering adoption of the ERA as a Constitutional Amendment almost redundant. It is already in the law, thanks to Bella.

Regarding New York City, she was instrumental in cutting a big hole in the Highway Trust Fund, and directing the released revenues into mass transit in the City. She also used her parliamentary abilities to adjust the formulas to make sure that New York City got at least its share of Public Works pork.

On the Floor, Bella Abzug found the "resolution of inquiry" hidden away in the rule book, and used it to good effect to force the Nixon Administration to release data on bombing in Indochina, etc.

She is a smart, tough lady -- and that is why so many men resent her. She'll relieve you of your manhood as soon as look at you.

It is better to have her on your side than against you, if at all possible. She was hell on wheels in her office and had difficulty keeping a staff. Worked them very hard, and abused them. But they are all loyal. I have never heard of a defector. I have all the admiration in the world for her, and feel she helped us significantly in carrying Wisconsin (through her trip to Madison), and New York, where she campaigned for us, if not Dan Pat.

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THE WHITE HOUSE  
WASHINGTON

February 16, 1977

Madeline MacBean -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Marge Wicklein

Re: Bottle to Billie Edwards

X



THE WHITE HOUSE  
WASHINGTON

2-15-77

To Madeline -

Would you pick  
out a bottle & -  
send it to Mrs Edwards  
with my note inside -

Thanks.

Jimmy

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THE WHITE HOUSE

WASHINGTON

2-15-77

To Billie Edwards

This bottle is not  
old, but it is from  
the White House.

We enjoyed having  
you & Ward in our  
home.

Old bottle collectors  
have to stick together!

Love,

Jimmy



Georgia House of Representatives

Ward Edwards  
Majority Caucus Secretary  
State Capitol  
Atlanta, Georgia 30334

Mr. President,

Please save me an  
empty wine bottle  
from the White House!

I'll even swap you  
one of my best snuff  
jars for one!

Thanks! Billie

(over)

2/13/77

I can make out  
with a Ketchup  
bottle from the  
Kitchen —



THE WHITE HOUSE  
WASHINGTON

Nodeline  
MacBean  
EAST Wing

c. Marge W. Robinson

THE PRESIDENT HAS SEEN.

EXECUTIVE

THE WHITE HOUSE  
WASHINGTON

TR1  
FG22  
FG19

VISITS TO THE  
DEPARTMENTS OF HEW AND AGRICULTURE

WEDNESDAY- FEBRUARY 16, 1977

Departure: 10:30 A.M.

From: Tim Kraft

BACKGROUND

VISIT TO HEW - SUMMARY

10:30 a.m. Motorcade departs South Grounds for  
Department of HEW

10:35 a.m. Met by Secretary Joe Califano who  
conducts you on tour of HEW Day  
Care Center, then escorts you to cafeteria.

10:52 a.m. After introduction by Secretary Califano,  
brief remarks and 15-minute Q and A session.  
Attendance: 500 HEW employees.

VISIT TO DEPARTMENT OF AGRICULTURE - SUMMARY

11:30 a.m. Motorcade arrives Department of Agriculture.  
Met by Secretary Bergland and escorted to  
patio area.

11:35 a.m. After introduction by Secretary Bergland,  
brief remarks and 10-minute Q and A session.  
Attendance: 700. Agriculture employees.

12:10 p.m. Motorcade arrives South Grounds.

THE WHITE HOUSE  
WASHINGTON

2-16-77

To Sarah Lee

Rosalynn and I  
are deeply saddened by  
the news about your  
mother.

We love you, and  
our prayers are with  
you and your family.

Jimmy

to Shipping  
2/16/77



THE WHITE HOUSE  
WASHINGTON

February 16, 1977

Jim Fallows

The attached is forwarded to  
you for your information.

Rick Hutcheson

X

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Jack and Greg agree  
with Jim Fallows.

Your other advisors  
had no comment.

Personally, I think  
"Mr. President" is  
entirely appropriate.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 11, 1977

MEMORANDUM FOR THE PRESIDENT - Information

FROM: JIM FALLOWS JMF

SUBJECT: "Mr. President"

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I don't know whether this was your intention, but a wry exchange at the end of your press conference -- "Thank you, Mr. President," "Thank you, Mr. AP Correspondent" -- perfectly illustrated a point I have been hoping to make to you for some time.

You have been extremely effective, in the realm of symbol, in deflating the pretensions of the Presidency. When you walked down Pennsylvania Avenue or sat wearing a sweater on TV, that did not change the fact that your office is the most powerful in the world and that you are the most powerful leader. When you walk into a room without "Hail to the Chief," you are not -- and are not perceived to be -- any less important a figure. What these gestures show is that you are not a monarch but a democratic leader. You are certainly aware how popular this effort has been.

I think you might take one more step in the same direction by trying to have people call you "Mr. Carter" or, perhaps, "President Carter," rather than "Mr. President" or "The President." (The New Yorker suggested this in an editorial a few weeks ago). The latter two titles, which do not even include your own name, stress once more the institutional power you hold; they are, in their way, like "Ruffles and Flourishes." You are the one person in the world who needs no props at all to remind people of your importance; what is harder to make people remember is your humanity and individuality. I think that the use of "Mr. Carter" would be a small but worthwhile reminder.

I am aware that you often say "This is Jimmy" when you call on the phone. But I know you also realize that people always err on the side of deference when they are around you. No one will call you anything but "Mr. President" unless you make clear that that's what you want. You may not think this is a good idea -- but if you do, one place to start might be on the radio call-in show.

cc: Jody Powell



THE WHITE HOUSE  
WASHINGTON

2-16-77

Frank -

Deliver note to  
Schweiker

Jody - Correct his  
statement. Big  
has details -

for file  
Nish

J

copy of note to Richard Schweiker  
sent to stripping

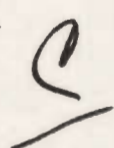
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

Mr. President

The Vice President talked on the telephone to Sen. Schweiker and told Schweiker that he'd be getting a letter from you....asked if had any other questions to please call VP back....and S said he got his information from a source high in the defense department and high in the administration. Mondale told him that whatever he had heard was inaccurate.

--SSC



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THE WHITE HOUSE

WASHINGTON

February 16, 1977

To Senator Richard Schweiker

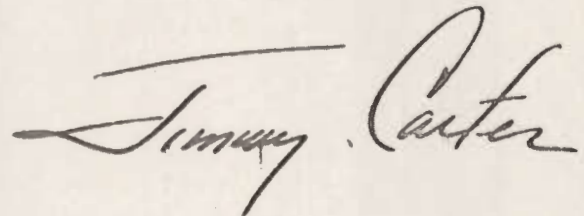
I have just read your statement concerning Paul Warnke, as reported in a wire service dispatch.

Your information is incorrect, and I am sure you will want to revise your statement.

I have never discussed with Mr. Warnke his being chairman of what was the Verification Panel of the National Security Council, and have designated Dr. Brzezinski as chairman of this Special Coordination Committee.

You may also wish to correct the source of this erroneous information which was given to you.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J". The last name "Carter" is written with a large, sweeping initial "C". The signature is positioned in the lower right quadrant of the page.



THE WHITE HOUSE  
WASHINGTON

2-16-77

To Sen Richard Schweiker

I have just read your statement concerning Paul Wanke, as reported in a wire service dispatch.

Your information is incorrect, and I am sure you will want to revise your statement.

I have never discussed with Mr Wanke his being chairman of what was the Verification Panel of the National Security Council, and have designated Dr. Buzinski as chairman of this Special Coordination Committee.

You may also wish to correct the source of this erroneous information which was given to you.

Sincerely, Jimmy Carter


MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI  .

SUBJECT: Schweiker's Assertions Regarding Warnke

Since you will be making calls this afternoon, you ought to see the enclosed wire service dispatch.

It might be useful to refute Schweiker, since his assertion could be damaging.

Under PD/NSC-2, setting up the new system, you deliberately placed arms control evaluation under the Special Coordination Committee of the NSC, in order to facilitate the interdepartmental nature of the process. This committee, chaired by me, reports through the NSC to you and it is charged with integrating State, DOD, ACDA and CIA views on this subject. It is currently engaged in developing SALT options for you.



N030

D

WARNKE

BY HARRISON HUMPHRIES

WASHINGTON (AP) -- SEN. RICHARD S. SCHWEIKER, R-PA., ANNOUNCED TODAY HE WILL VOTE AGAINST THE PRESIDENT CARTER'S NOMINATION OF PAUL C. WARNKE TO BE HIS CHIEF DISARMAMENT NEGOTIATOR AND HEAD OF THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY.

HE SAID HE HAD BEEN INFORMED THAT PRESIDENT CARTER PROPOSES TO MAKE WARNKE "A DISARMAMENT CZAR WITH UNPRECEDENTED ONE-MAN RULE OVER DISARMAMENT" AS CHAIRMAN OF A NEW INTERAGENCY PANEL TO EVALUATE ANY PROPOSED STRATEGIC ARMS LIMITATION AGREEMENT WITH THE SOVIET UNION.

"IT HAS COME TO MY ATTENTION THAT PRESIDENT CARTER INTENDS FOR MR. WARNKE TO WEAR THREE DISARMAMENT HATS -- AS CHIEF ARMS CONTROL ADVOCATE, CHIEF ARMS CONTROL NEGOTIATOR AND CHIEF ARMS CONTROL EVALUATOR," SCHWEIKER SAID IN A STATEMENT. "TO CONCENTRATE SO MUCH POWER IN ONE MAN IS A BLATANT CONFLICT OF INTEREST AND COULD WELL BE CONTRARY TO OUR NATIONAL SECURITY."

SCHWEIKER CONTENDED THAT WARNKE'S PAST OPPOSITION TO MAJOR U.S. STRATEGIC WEAPONS SYSTEMS ALSO COULD BECOME A CREDIBILITY ISSUE MAKING IT VIRTUALLY IMPOSSIBLE TO ATTAIN A TWO-THIRDS SENATE MAJORITY NEEDED TO RATIFY ANY ARMS CONTROL AGREEMENT HE MIGHT NEGOTIATE WITH THE RUSSIANS.

THE SENATE FOREIGN RELATIONS COMMITTEE IS EXPECTED TO APPROVE WARNKE'S TWO NOMINATIONS AS DIRECTOR OF THE ARMS CONTROL AGENCY AND AMBASSADOR FOR NEGOTIATIONS NEXT TUESDAY. AT THE SAME TIME, WARNKE IS TO APPEAR FOR QUESTIONING BEFORE THE SENATE ARMED SERVICES COMMITTEE CONSIDERING MILITARY IMPLICATIONS OF THE APPOINTMENT.

SCHWEIKER SAID HE BELIEVES PRESIDENT CARTER HAS PROMISED TO MAKE WARNKE CHAIRMAN OF A COMMITTEE FORMERLY KNOWN AS THE VERIFICATION PANEL COMPOSED OF THE SECRETARY OF DEFENSE, DIRECTOR OF THE ARMS CONTROL AND DISARMAMENT AGENCY, DIRECTOR OF CENTAL INTELLIGENCE, SECRETARY OF STATE AND THE WHITE HOUSE NATIONAL SECURITY ADVISER. IN THE PAST, HE SAID, THE PANEL HAS BEEN HEADED BY EITHER THE SECRETARY OF STATE OR THE NATIONAL SECURITY ADVISER.

0216 QQPYAAS





THE WHITE HOUSE  
WASHINGTON

2-16-77

To H. G. Rickover

Your speech "Thoughts on  
Man's Purpose in Life" was  
very meaningful to me. I  
studied it carefully.

You would certainly be  
a nominee for National  
Human Treasure.

Jimmy

Admiral Hyman G. Rickover  
2301 S. Jefferson Davis Highway  
Arlington, Virginia 22202

WASHINGTON, D. C.

THE PRESIDENT HAS SEEN.

11 February 1977

Dear Mr. President:

On 10 February I addressed the San Diego Rotary Club. A copy of my speech, Thoughts on Man's Purpose in Life, is enclosed. I believe it is in accord with your views and voices some of the basic principles declared in your campaign.

Previous to this speech, I had a breakfast meeting with a group of San Diego leaders—manufacturers, bankers, educators, etc. Here I presented my thoughts on restructuring the Federal Government. This was a repeat of an address I gave to The SOS & Chowder and Marching Club, whose membership consists of leading Republicans in the House of Representatives. A copy of this is also enclosed.

There was considerable discussion of the structure of the Federal Government and many questions were asked. Those present agreed that my concept was one worth exploring and had stimulated them to thinking more about the future of the United States. At the conclusion of the meeting, I asked those present to write a simple statement in answer to my question, "What do you expect the Federal Government to do for you?" I asked that the statement show

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the field in which each individual was engaged, his approximate age, but not his signature. I did not say or imply the use I would make of these statements. Therefore, it is not known to these individuals that I am sending them to you. Their views may be of interest because they represent the candid opinions of an important group in this city of over half a million people. I believe most of them are Republicans.

During the course of my visit I was asked by the media—newspaper and TV—what I understood your views to be, based on our previous acquaintance and on my luncheon on February 5. The following is what I said:

"These are my impressions of President Carter:

He brings a spiritual and practical philosophy to the awesome burden that is his alone. He recognizes the complexities of the issues, both domestic and foreign, which confront us. He is deeply conscious of the essence of human character; he believes we must all accept responsibility; we must all work to restore unity and quiet to the country, so that together we can all resolve these issues, for ourselves and those who come after us. He is a man who talks with us rather than at us.

He considers the President—as did the Founding Fathers—to be the Chief Magistrate of our country. To this Office he brings intelligence and patience, courage and compassion, leadership and service. He sees the President as the first servant of the nation."

With my warm regards to Mrs. Carter and to you.

Respectfully,

*H. G. Rickover*  
H. G. Rickover

The President  
The White House  
Washington, D. C.

the field in which each individual was engaged, his approximate age, but not his signature. I did not say or imply the use I would make of these statements. Therefore, it is not known to these individuals that I am sending them to you.



List of Enclosures:

- (1) Thoughts on Man's Purpose in Life. Speech by Admiral Rickover to the San Diego Rotary Club on 10 February 1977.
- (2) Some Thoughts on the Future of the United States Government. Remarks to the SOS & Chowder and Marching Club on 24 September 1975
- (3) Answers to question raised by Admiral Rickover at a breakfast meeting in San Diego on 10 February 1977.

With my warm regards to Mrs. Carter and to you.

Respectfully,



To Adm. Rickover.  
Thank you.

C

HANDLERY  
EL CORTEZ HOTEL

Executive Offices: 7th & Ash Street  
San Diego, California 92101  
(714) 232-0161

## Federal government

Provide stable monetary system, common  
defense, and conduct international relations.  
The federal government should coordinate  
matters affecting more than one state, but  
should not direct. Under no circumstance  
should the federal government champion  
the interests of individual groups whether  
it be environmentalists, steel industry, labor,  
or consumer groups.

agriculture

60 years

from the Federal Govt

I Desire:

1. National Defense
2. Law + Order - (Judicial System  
FBI - Justice Dept etc.)
3. Monetary System
4. Development of ~~the~~ Natural Inter-S  
Resources.
5. Health & Related Protective  
Regulations.

These are only a few - Your  
request for a list deserves more  
thought over a longer period  
of time -

Clint McKinnon  
(over 65)

Hgc 52

Federal Government should be responsible  
for the security of the nation. The responsibility  
for the people's welfare should reside in the  
States. Essentially, taxation by the  
Federal Government should be directed to the  
States in terms of population but not  
directly imposed on the individual.



Governmental Proposals  
establish a ten year  
goal of reducing federal  
government programs  
and costs by 50% through  
delegation of such activities  
to the states who may  
decide on the need for  
continuance of such  
programs. Additionally,  
a strong State Rights  
movement should be  
attempted by legislative  
mandate through initia-  
tion by Congress. Finally,  
a universal system  
should be tried by states  
and then the federal  
government.  
Respectfully,  
J. Edgar Hoover

Govt should attempt to DISARM  
with Soviet, Control that product  
to power, anti pollution, housing  
Rebuild cities, allow Business to  
grow + employ more people as  
concessions to Govt employment.  
Business must do the employment.

HANDLERY  
EL CORTEZ HOTEL  
Executive Offices: 7th & Ash Street  
San Diego, California 92101  
(714) 232-0161

*I expect gov't to only do those  
things that private business and  
individuals cannot do for themselves.*



JOHN MERRY

Age 37

OCCUPATION: BUSINESSMAN, SCIENTIST

HANDLERY

EL CORTEZ HOTEL

Executive Offices: 7th & Ash Street

San Diego, California 92101

(714) 232-0161

I Expect The Fed gov'T To:

- (1) Develop a set of NATIONAL goals, objectives, AND priorities THAT will provide a framework WITH ENOUGH TIME STABILITY TO ALLOW business, Labor, STATE AND Local governments To achieve SATISFACTORY OPERATIONAL effectiveness
- (2) Congress (uniquely) must regulate itself To push specific operating responsibilities To The Lowest possible Level of STATE AND ~~Federal~~ Local gov'T
- (3) To CONDUCT Foreign Affairs and NATIONAL defense

---

I Think your idea of regional groups of STATES will increase The chance of internal conflict and CIVIL war over The long run. I Think using The existing STATES (with perhaps some minor regroupings of very SMALL STATES) is The most stable Approach

What I Expect from Federal Gov.

- ①. Efficient administration of basic governmental functions and minimization of those functions
- ②. Stimulation and encouragement of the free enterprise system and encouragement of Technological Advancement (Applied Science)

Bert Beyster  
Science Application

Find a better solution for  
inflation than unemployment  
of our young people.

Recognizing the magnitude of  
the revolutions we are involved  
in - social, energy, communications,  
etc -



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I advocate simplicity combined  
with the continuing thought of "Checks  
and Balances."



SAN FRANCISCO: Hotel Stewart, Handlery Motor Inn • OAKLAND: Lake Merritt Hotel •  
MONTEREY: Hotel San Carlos • SAN DIEGO: El Cortez Hotel, Travolator Motor Hotel,  
Master Hosts Inn & Stardust Country Club • El Cortez Motel International Motel.

Age - 50

Occupation - lawyer

The Federal Government is  
so far out of order, a  
complete overhaul is required.

a start -

- (1) revise income tax laws
- (2) get out - completely -  
education & welfare  
these one State obligated
- (3) limit powers of the  
Supreme Court

These items would be a great start

HANDLERY  
EL CORTEZ HOTEL

Executive Offices: 7th & Ash Street  
San Diego, California 92101  
(714) 232-0161

{ Age 60  
{ Government

" Get the Federal Government out of  
activities that should be the  
responsibilities of the states. Return  
more power to the states



THE WHITE HOUSE  
WASHINGTON

February 16, 1977

Jim Fallows

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Thoughts on Man's Purpose  
in Life

FOR RELEASE 12:45 P.M. (PST)  
THURSDAY, FEBRUARY 10, 1977

THOUGHTS ON MAN'S PURPOSE IN LIFE

by

Admiral H. G. Rickover, U. S. Navy  
at a Luncheon Meeting of the  
San Diego Rotary Club  
San Diego, California  
Thursday, February 10, 1977

*To Jim  
Fallas -  
J*

Voltaire once said: "Not to be occupied and not to exist are one and the same thing for a man." With those few words he captured the essence of a purpose in life: to work, to create, to excel, and to be concerned about the world and its affairs.

The question of what we can do to give purpose or meaning to our lives has been debated for thousands of years by philosophers and common men. Yet today we seem, if anything, further from the answer than before. Despite our great material wealth and high standard of living, people are groping for something that money cannot buy. As Walter Lippman said: "Our life, though it is full of things, is empty of the kind of purpose and effort that gives to life its flavor and meaning."

I do not claim to have a magic answer. But I believe there are some basic principles of existence, propounded by thinkers through the ages, which can guide us toward the goal of finding a purpose in life.

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Among these principles of existence, responsibility is the one which forces man to become involved. Acceptance of responsibility means that the individual takes upon himself an obligation. Responsibility is broad and continuous. None of us are ever free of it, even if our work is unsuccessful.

Responsibility implies a commitment to self which many are not willing to make; they are strongly attracted to accepting a course of action or direction for their lives imposed by an external source. Such a relationship absolves the individual from the personal decision-making process. He wraps himself in the security blanket of inevitability or dogma, and need not invest the enormous amounts of time, effort and, above all, the thought required to make creative decisions and meaningfully participate in the governance of his life.

Responsibility also implies a commitment to others, or as Confucius taught, each of us is meant to rescue the world. It is the business of little minds to shrink from this task or to go about it without enthusiasm. Neither art, nor science, nor any of the great works of humanity would ever come into being without enthusiasm.

The sense of responsibility for doing a job right seems to be declining. In fact, the phrase "I am not responsible" has become a standard response in our society to complaints on a job poorly done. This response is a semantic error. Generally what a person means is:



"I cannot be held legally liable." Yet, from a moral or ethical point of view, the person who disclaims responsibility is correct: by taking this way out he is truly not responsible; he is irresponsible.

The unwillingness to act and to accept responsibility is a symptom of America's growing self-satisfaction with the status quo. The result is a paralysis of the spirit, entirely uncharacteristic of Americans during the previous stages of our history. Even complaints about high taxes and high prices are illusory. Behind them is hidden the reality that the majority, in terms of sheer creature comfort, never had it so good. Those who are still on the outside looking in are not strong or numerous enough to make a political difference.

The task of finding a purpose in life also calls for perseverance. I have seen many young men who rush out into the world with their messages, and when they find out how deaf the world is, they withdraw to wait and save their strength. They believe that after a while they will be able to get up on some little peak from which they can make themselves heard. Each thinks that in a few years he will have gained a standing, and then he can use his power for good. Finally the time comes, and with it a strange discovery: he has lost his horizon of thought. Without perseverance, ambition and a sense of responsibility have evaporated.

Another important principle of existence which gives purpose and meaning to life is excellence. Because the conviction to strive for

excellence is an intensely personal one, the attainment of excellence is personally satisfying. Happiness comes from the full use of one's power to achieve excellence. Life is potentially an empty hole, and there are few more satisfying ways of filling it than by achieving and exercising excellence.

This principle of excellence is one which Americans seem to be losing, and at a time when the Nation stands in need of it. A lack of excellence implies mediocrity. And in a society that is willing to accept a standard of mediocrity, the opportunities for personal failure are boundless. Mediocrity can destroy us just as surely as perils far more famous.

It is important that we distinguish between what it means to fail at a task and what it means to be mediocre. There is all the difference in the world between the life lived with dignity and style which ends in failure, and one which achieves power and glory, yet is dull, unoriginal, unreflective, and mediocre. In a real sense, what matters is not so much whether we make a lot of money or hold a prestigious job; what matters is that we seek out others with knowledge and enthusiasm—that we become people who can enjoy our own company.

In the end, avoiding mediocrity gives us the chance to discover that success comes in making ourselves into educated individuals, able to recognize that there is a difference between living with excellence



and living with mediocrity. Sherlock Holmes once told Dr. Watson, "Watson, mediocrity knows nothing higher than itself. It takes talent to recognize genius." To which he could have added, it takes talent to know that what counts is condemning mediocrity, not in others but in ourselves.

We should honor excellence, but not necessarily with material rewards alone. The Japanese have a custom which I believe it would be well for us to emulate. Instead of honoring their artists with peerages or knighthoods, they give them the respectful title, "National Human Treasure."

— Creativity is another of the basic principles of existence which I believe help to give purpose in life. The deepest joy in life is to be creative. To find an undeveloped situation, to see the possibilities, to decide upon a course of action, and then devote the whole of one's resources to carry it out, even if it means battling against the stream of contemporary opinion, is a satisfaction in comparison with which superficial pleasures are trivial.

To create you must care. You must have the courage to speak out. The world's advances always have depended on the courage of its leaders. A certain measure of courage in the private citizen also is necessary to the good conduct of the State. Otherwise men who have power through riches, intrigue, or office will administer the State at



will, and ultimately to their private advantage. For the citizen, this courage means a frank exposition of a problem and a decrying of the excesses of power. It takes courage to do this because in our polite society frank speech is discouraged. But when this attitude relates to questions involving the welfare or survival of the Nation, it is singularly unfitting to remain evasive. It is not only possible, but in fact a duty of everyone to state precisely what his knowledge and conscience compel him to say. Many of today's problems can be brought forward only by complete candor and frankness; deep respect for the facts, however unpleasant and uncomfortable; great efforts to know them where they are not readily available; and drawing conclusions guided only by rigorous logic.

To have courage means to pursue your goals, or to satisfy your responsibilities, even though others stand in the way and success seems like a dream. It takes courage to stand and fight for what you believe is right. And the fight never ends. You have to start it over again each morning as the sun rises. Sir Thomas More wrote: "If evil persons cannot be quite rooted out, and if you cannot correct habitual attitudes as you wish, you must not therefore abandon the commonwealth. You must strive to guide policy indirectly, so that you make the best of things, and what you cannot turn to good, you can at least make less bad."

These principles of existence—responsibility, perseverance, excellence, creativity, courage—must be wedded with intellectual growth

and development if we are to find meaning and purpose in our lives. It is a device of the devil to let sloth into the world. By the age of twenty, some of us already have adopted a granite-like attitude which we maintain throughout life. Intellectually, we must never stop growing. Our conscience should never release us from concern for the problems of the day. Our minds must be forever skeptical, yet questioning. We must strive to be singularly free from that failing so common to man, deplored by Pascal in the "Pensees," of filling our leisure with meaningless distractions so as to preclude the necessity of thought. To be an intellectual in the fullest sense, one's mind must be in constant movement.

Aristotle believed that happiness was to be found in the use of the intellect. In other words, ignorance is not bliss; it is oblivion. The inspired prayer does not ask for health, wealth, prosperity, or anything material, but says, "God, illumine my intellect." Man cannot find purpose in his life without expanding and using his intellectual qualities and capacities. Liberal learning is a primary source of these qualities. By liberal learning, I refer to discerning taste; wise judgment, informed and critical perspectives that transcend specialized interests and partisan passions; the capacity to understand complexity and to grow in response to it.

A cause of many of our mistakes and problems is ignorance—an overwhelming national ignorance of the facts about the rest of the world. A nation, or an individual, cannot function unless the truth is available and understood; no amount of good on the part of the leaders or the



media will offset ignorance and apathy in the common citizen. Since the United States is a democracy, the broad answer is that all of us must become better informed. Reading is one method of accomplishing this purpose. By spending a few dollars for a book, the thoughts and life's work of a great man are available to us.

The proof of living, as Norman Cousins has said, "is in memory, and all of us, through reading, can live five or six lifetimes in one. Through reading, the sluices of the mind open up, making accessible a range of experiences otherwise beyond our personal reach." In reading books, we grow both emotionally and intellectually.

As a reader, man is unique among living things. The ability to read—and more broadly, the ability to express complex ideas through language—distinguishes him from all other life forms. Without language, complex thought is inconceivable and the mind is undeveloped. The inability to speak and write imprisons thought. In the same vein, sloppy, imprecise thinking begets sloppy, imprecise language. Language and thought are interconnected, and the written word is the vehicle which best advances both.

Therefore, I count reading, and its associated skill, writing, among the most significant of all human efforts. Good writing, after all, is simply the result of enormous reading, detailed research, and careful



thought. It means studying to gain a good vocabulary, and practicing to learn how to use it. It seems to me that these kindred skills should be developed and nourished from the very first, if man is to grow intellectually. And unless he can express his thoughts well, he can exert little influence on his fellowmen.

I now will discuss one final principle of existence essential to man's purpose in life: the development of standards of ethical and moral conduct. God, it is generally conceded, has made a remarkable job of the physical universe but has, strangely, not done quite so well with the spiritual element. There is abundant evidence around us to conclude that morals and ethics are becoming less prevalent in people's lives. The standards of conduct which lay deeply buried in accepted thought for centuries no longer are absolute. Many people seem unable to differentiate between physical relief and moral satisfaction; they confuse material success in life with virtue.

The decline in morals parallels the decline of traditional religion in all areas of our society. In our desire to separate church and state, we have gone to the opposite extreme and have exorcised religious training from our public schools and colleges, thus depriving our youth of the lasting standards of the morals and ethics enunciated by the Ten Commandments and the Sermon on the Mount.

Morals are the quarrel we have with behavior. Any system of education which does not inculcate moral values simply furnishes the intellectual equipment whereby men and women can better satisfy their pride, greed, and lust.

We are now living on the accumulated moral capital of traditional religion. It is running out, and we have no other consensus of values to take its place. This is partly so because man can now obtain on earth what previously was promised him when he reached heaven.

In our system of society, no authority exists to tell us what is good and desirable. We are each free to seek what we think is good in our own way. The danger is that where men compromise truth and let decency slip, they eventually end up with neither. A free society can survive only through men and women of integrity. Fortunately, there still exist human beings who remain concerned about moral and ethical values and justice towards others. These are the individuals who provide hope of the ultimate realism that is marked by a society's capacity to survive rather than to be eventually destroyed.

Ethics and morals are basically individual values. A society that does not possess an ethical dimension will find it almost impossible to draft a law to give it that dimension. Law merely deters some men from offending and punishes others for offending. It does not make men good.

It is important also to recognize that morals and ethics are not relative; they do not depend on the situation. This may be the hardest principle to follow in working to achieve goals. The ends, no matter how worthy they appear, cannot justify just any means. Louis Brandeis, who was deeply convinced of the importance of standards, said: "One



can never be sure of ends—political, social, economic. There must always be doubt and difference of opinion." But Brandeis had no doubt about means. "Fundamentals do not change; centuries of thought have established standards. Lying and sneaking are always bad, no matter what the ends."

This is a very enabling statement. Life is not meaningless for the man who considers certain actions wrong simply because they are wrong, whether or not they violate a law. This kind of moral code gives a person a focus, a basis on which to conduct himself. Certainly there is a temptation to let go of morals in order to do the expedient thing. But there is also a tremendous power in standing by what is right. Principle and accomplishment need not be incompatible.

A common thread moves through all the principles I have discussed: It is the desire to improve oneself and one's surroundings by actively participating in life. Too many succumb to the emotional preference of the comfortable solution instead of the difficult one. It is easy to do nothing. And to do nothing is also an act; an act of indifference or cowardice.

A person must prepare himself intellectually and professionally, and then use his powers to their fullest extent. This view is well expressed in two extracts from I Ching, the Confucian Book of Changes:



—The superior man learns and accumulates the results of his learning; puts questions, and discriminates among those results; dwells magnanimously and unambitiously in what he has attained to; and carries it into practice with benevolence.

—The superior man nerves himself to ceaseless activity.

It is important to be both a thinker and a doer and to have a sense of responsibility. A theoretician who has no responsibility is withdrawn from the real world. His recommendations are made in a vacuum. Because he is not required to carry them out, they may be irresponsible and do harm. Similarly, those in charge—the doers—are often devoid of any real thought.

To find a purpose to life, one must be willing to act, to put excellence in one's work, and have concern for what is right ahead of personal safety. Life must be felt, not observed. But to do so means applying oneself to the task daily. Ralph Waldo Emerson said: "God offers to every mind its choice between truth and repose. Take which you please—you can never have both."

No professional man has the right to prefer his own personal peace to the happiness of mankind; his place and his duty are in the frontline of struggling men, not in the unperturbed ranks of those who keep

themselves aloof from life. If a profession is to have its proper place in the further development of society, it must be increasingly dissatisfied with things as they are. If there is to be any exaltation in one's work, one must learn to reach out, not to struggle for that which is just beyond, but to grasp at results which seem almost infinite. As Robert Browning wrote, "Ah, but a man's reach should exceed his grasp, or what's a Heaven for."

Man's work begins with his job; his profession. Having a vocation is something of a miracle, like falling in love. I can understand why Luther said that a man is justified by his vocation, for it is a proof of God's favor. But having a vocation means more than punching a time-clock. It means guarding against banality, ineptitude, incompetence, and mediocrity. A man should strive to become a locus of excellence.

Most of the work in the world today is done by those who work too hard; they comprise a 'nucleus of martyrs.' The greater part of the remaining workers' energy goes into complaining. Employees today seldom become emotional about their organizations or its output; they are only interested in making money or getting ahead. And many organizations are killing their employees with kindness, undercutting their sense of responsibility with an ever-increasing permissiveness. This is a fatal error. For where responsibility ends, performance ends also.



"We measure ourselves by many standards," said William James. "our strength and our intelligence, our wealth and even our good luck, are things which warm our hearts and make us feel ourselves a match for life. But deeper than all such things, and able to suffice unto itself without them, is the sense of the amount of effort which we can put forth." Man has a large capacity for effort. But it is so much greater than we think it is, that few ever reach this capacity.

We should value the faculty of knowing what we ought to do and having the will to do it. But understanding is easy. It is the doing that is difficult. The critical issue is not what we know but what we do with what we know. The great end of life is not knowledge but action. Theodore Roosevelt expressed this concept well in his "Man in the Arena" statement:

It is not the critic who counts, not the one who points out how the strong man stumbled or how the doer of deeds might have done them better. The credit belongs to the man who is actually in the arena, whose face is marred with sweat and dust and blood; who strives valiantly; who errs and comes short again and again; who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who, if he wins, knows the triumph of high achievement; and who, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat.



The man in the arena has found a purpose in life. He daily experiences Emerson's declaration that nothing is achieved without enthusiasm. He knows that men seldom come within shouting distance of their hopes for themselves. Yet he does not quit in resignation as have those who have taken trouble with nothing except to be born. In his work he is buffeted from two sides, challenged by his own ideas which revolt at the compromises of reality, and assaulted by reality which fights the ideas. He spends himself in that struggle, and he wins by a constant renewal of effort in which he refuses to sink either into placid acceptance of the situation or into self-satisfaction.

I believe it is the duty of each of us to act as if the fate of the world depended on him. Admittedly, one man by himself cannot do the job. However, one man can make a difference. Each of us is obligated to bring his individual and independent capacities to bear upon a wide range of human concerns. It is with this conviction that we squarely confront our duty to posterity. We must live for the future of the human race, and not for our own comfort or success.

For anyone seeking meaning for his life, a figure from Greek mythology comes to mind. It is that of Atlas, bearing with endless perseverance the weight of the heavens on his back. --Atlas, resolutely bearing his burden and accepting his responsibility that gives us the example we seek.

To seek out and accept responsibility; to persevere; to be committed to excellence; to be creative and courageous; to be unrelenting in the pursuit of intellectual development; to maintain high standards of ethics and morality; and to bring these basic principles of existence to bear through active participation in life—these are some of my ideas on the goals which must be met to achieve meaning and purpose in life.



Remarks to The SOS & Chowder  
and Marching Club  
House Dining Room, Capitol Building  
Washington, D. C.

24 September 1975

Some Thoughts on the Future of the United States Government

by

Admiral H. G. Rickover, U.S. Navy

I believe we in the United States today must reassess our governmental machinery if we are to continue as a democracy. The reason for the reassessment is simple: conditions change and political systems which worked well in one age may grow weak and falter in another age. The failure may not be in the principles but in the workings of the government. In the proposal I am going to make, one principle must be clearly understood. I firmly believe in a democracy that recognizes the worth and dignity of the individual. Nothing that I am going to say alters that fact.

Democracies can be traced back to prehistoric times, when responsible adult males chose the leaders of their tribes. These people lived in close contact with nature. A failure of crops, a bad hunting season, could mean catastrophe. Therefore, the choice of leaders affected the entire group and called for the participation of the responsible members of the tribe.

A classic example of a democracy was Athens in ancient Greece. At times, the citizens of Athens rose to heroic heights. At other times, they descended to the depths of pettiness, bickering, and selfishness. These qualities, in the end, lost them their democracy. Plato, in analyzing the constitutions of the Greek city states, believed that 5,040 citizens were the ideal number for a democracy. He chose this figure in Athens



because this was the largest number that could meet in one place—the Hill of the Pnyx—and still be able to hear the speaker. Incidentally, this is why oratory was so important in the ancient world. Greek democracy failed because it did not meet the needs of larger societies. Yet it has remained as an example for us. Alexander Hamilton, John Jay, and James Madison in the Federalist Papers drew upon the Greek experience to explain the provisions of the American Constitution.

The Founding Fathers were confronted with a crucial problem—that of combining democracy, state government, and a strong central government. You are all familiar with the Continental Congress and the difficulties that plagued it during the Revolution because of the independence of the individual states. The struggle to create one nation out of 13 states was won by the narrowest of margins. The success was possible because the Constitution limited the powers of the general government and assigned all the other powers to the states. The relations between the states and the central government changed—slowly at first, but with increasing speed—as society after 1787 became more complex. Whether the United States was to remain a federation of states or to exist as a unitary nation was settled by the Civil War. After Appomattox there was no doubt that the center of power was in Washington.

That power, however, was shared by the three branches of our government—executive, legislative, and judicial. Within recent decades, power has flowed to the executive and judicial branches. To my mind, one of the most disturbing trends has been the power we have tacitly assigned to the Supreme Court to decide major issues. Some important questions are no longer settled by Congress, but by the Supreme Court. In fact, members of Congress have even sought to ascertain the Court's opinion before enacting legislation—although the Constitution specifies that the Court's appellate jurisdiction is the responsibility of Congress. Congress holds a unique position in the American system. The erosion of congressional authority is a matter of great concern to all thoughtful citizens today.

The shift in the balance between one part of the government and another is natural and inevitable, and reflects the changing conditions of the country and our society. I am convinced, however, that the problems now at hand require a profound reappraisal of our government.

We find ourselves in a situation today far different from the one the Founding Fathers confronted in 1789. Then there were only four million people and a large virgin continent. Anyone could start his life again in the West where land was available. Our manufacturers had access to unlimited material and cheap energy—energy that was available almost for the cost of extraction. Thomas Jefferson's overriding concern was the fitness of people to govern themselves. Above all, he desired a



society in which the common man had either the power or the capability to control his government. He feared an industrialized America. He felt that our government "will remain virtuous only as long as they are chiefly agricultural." "Those who labor in the earth are the chosen people of God." Commerce should be the "handmaid" of agriculture. The sight of Europe's slums horrified him. "Let our workshops remain in Europe." There was enough land to take care of our people for centuries to come. Yet only one hundred years later the frontier was gone and the United States had become the largest manufacturer in the world.

It is difficult to recognize how long the natural wealth of our country could insulate the citizen from the federal government. Funds to run the federal government came from internal revenues and excise taxes. Only in 1917 did the federal budget reach \$1 billion. The military budget in 1939, on the eve of the largest war the world had yet known was \$1,368,000,000.

The Great Depression raised serious questions in many minds as to whether our democracy would survive. Yet President Franklin D. Roosevelt's statement in 1933, ". . . the only thing we have to fear is fear itself," was valid. The country was rich. Material and energy resources were still available at relatively low cost. By using large quantities of our natural resources and cheap energy, it was possible to get the country going again.



But the natural wealth of our country, which has partly shaped our form of government, was running low. Shortly after World War II, some individuals began to envision the pressures which would come because of increasing population and the growing scarcity of cheap energy and materials. In 1952, a Materials Policy Commission was appointed by President Truman to study future energy and material requirements. That report was a landmark. It predicted our present situation, yet it went unheeded. I, myself, in charge of the Navy's nuclear propulsion program, became a close student of the energy situation. In the late 1950's and since, I have testified on the deteriorating energy situation. Although the facts were clear, not until the 1973 war in the Near East and its oil embargo did the issue begin to receive major attention.

The United States now finds itself in a position where energy costs have increased tremendously, and are far greater than the cost of extraction. Domestic oil and gas supplies are no longer adequate for our needs. They are expected to be largely unavailable for energy use in about thirty years. We will, therefore, have to depend on coal in one form or another. Possibly other energy forms, such as those from shale, the sun, wind, or fusion, may come—but we cannot be certain.

We are now facing our greatest crisis. Any government, a democracy in particular, can only survive so long as its citizens have faith in its efficiency and fairness. Can our government institutions meet the most

severe challenge they have ever faced? I am no political scientist.

I am familiar with history—with the politics and problems of governments, particularly with those of our own federal government. I have had practical experience with our executive, judicial, and legislative branches. All of you know the many years I have appeared before Congress, seeking your aid, and you know the respect I have for the legislative branch of our government.

From my experience and observation, I believe that politics generally deals with the present—not the future. Present issues are important, but problems we see on the horizon must also be considered. British politicians at the time of the Stamp Act; the French in the age of Louis XVI and Marie Antoinette; and the Russians under Nicholas II, caught a glimpse of the future but turned away. We must carefully assess our problems in the light of the future and our commitment to democratic principles.

I believe a major problem is that the federal government has assumed obligations that were once the responsibility of private citizens and local governments. Our people have been taught to believe that when local resources are inadequate, the federal government should step in. And yet, paradoxically, the citizen feels that the federal government is far away—unresponsive and unheeding. We are reaping the problems facing a unitary government where nearly all of the authority lies at the center. With the scarcity and rising costs of material and energy, the purposes and functions of our institutions need to be studied again. They have to meet the needs of our citizens and maintain the democratic tradition.



The power and responsibilities of the federal government must be drastically pruned if we are to survive as a democracy. Our citizens and local governments must assume their proper responsibilities.

What, then, can we do? I have found in my own work that, when a problem becomes too large, it can become insoluble. It is wise to divide it into parts. It is then easier to find a solution.

For more than 30 years I have been in the fortunate position of observing the way our government operates. I am, therefore, bold enough to offer a suggestion. My idea is to divide the United States into several groups of states, say six or seven. Each group of states would choose a unicameral or bicameral legislature. Each state would elect one Senator and one or more Representatives to Congress. The federal Senate would consist of 50 Senators and the House members, based on population, would be about 100.

All functions would be removed from the federal government which can be performed by the groups of states. They would assume responsibilities for education, welfare, transportation, postal services, and other matters. The federal government would be confined to military and foreign affairs, and control of foreign trade.

Such far-reaching changes would require a Constitutional Convention. They would require the kind of wisdom and statesmanship possessed by the Founding Fathers, which were based on culture and practical politics. They were not content with a private life, no matter how successful. Based upon their experience and knowledge, they built a government and

endowed it with a flexibility so that each generation would have the chance to measure its own means against the age-old truth of political reality. The Founding Fathers could not foresee the exact challenge their descendants would face, but they provided them with the means to act. It is for us to furnish the same wisdom. Only the highest form of statesmanship will suffice to prepare our country for the future. The cause is greater than us all.

Political demands are of only limited relevance to the changes which will produce permanent reductions in the strains of society. The political methods of coercion, exhortation, and discussion assume that the role of politics is to solve conflicts when they have already happened. The ideal of a politics of prevention is to obviate conflict by reduction of the strains of society.

The great contribution of the English-speaking peoples to democracy has been the development of responsible political parties. They may differ greatly over issues, but they are deeply united upon the basis of our political system. The Republican Party is considered to be the more conservative element in our politics. Conservation means "to save." To be a Republican does not necessarily mean to be pro-business, which is what many of our citizens believe the Republican Party to be. I have the good fortune to know many of you. I know that, above all, you will do what your conscience tells you is best for all our people. I know that you are deeply concerned about the responsibilities of the



government and its citizens, and the need to ensure that the principles of democracy bequeathed to us by our ancestors are not lost.

However, the task will be far more difficult than creating the Constitution in 1787. The vested interests that then existed—slavery and commerce—were prevented from becoming divisive issues. There were only six commercial corporations; today we have more than 2.5 million. We are now a nation of large influential interest groups, such as business, labor, welfare, education and many others. To persuade these powerful groups to act jointly for the common welfare will be one of the most statesmanlike actions in all history.

You have the opportunity to become the "Founding Fathers" for future generations.

THE WHITE HOUSE  
WASHINGTON

February 16, 1977

The attached is forwarded to  
you for your information.

The Vice President  
Midge Costanza  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

Rick Hutcheson

*Vllman's Employment Credit Proposal*



February 15, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Ullman's Employment-Credit Proposal

I understand you are seeing Congressman Ullman and other members of the Ways and Means Committee Thursday morning.

Ullman is busy lining up support among Ways and Means members for his employment credit proposal. We have muted both public criticism and a hard sell with his Committee members, for fear of alienating Ullman.

While it is quite possible that Russell Long would be amenable to knocking out the Ullman proposal in the Senate, that will not come free. I suspect Long may want something else in exchange -- and we could get both in conference.

Therefore, if you could get Ullman aside for a few minutes, it might be useful to tell him:

- . that we have not mounted a major public criticism of his proposal
- . that we have not tried to lobby hard against him with his members
- . but that this does not reflect any weakening of our support for our own business tax proposals nor a belief that they are relatively unimportant.

Mike Blumenthal and I have already given you memos outlining the problem with Ullman's proposal, and I sent you Walter Heller's excellent summary.

In addition to these arguments, you could also add the fact that

- (a) Getting a self-sustaining recovery going depends critically on re-invigorating business investment
- (b) The 2% investment credit, while working no miracles, is a step in that direction
- (c) Its removal -- particularly without signs that that the Administration has fought hard for it -- would send a very bad signal to business firms, and have a significance far beyond the actual loss of the credit itself.



THE WHITE HOUSE  
WASHINGTON

February 16, 1977

Bert Lance

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

1980 Winter  
Olympics

THE WHITE HOUSE  
WASHINGTON

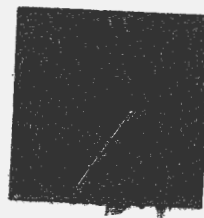
Mr. President:

Stu concurs with  
Lance. Your  
other advisors had  
no comment.

Rick

THE WHITE HOUSE  
WASHINGTON

TO LANCE  
V  
ASAP







EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

FEB 11 1977

INFORMATION

MEMORANDUM FOR: THE PRESIDENT  
FROM: BERT LANCE *B. Lance*  
SUBJECT: 1980 Winter Olympics

We were just informed that on February 9, 1977, Senator Hollings approved the Department of Commerce's requested reprogramming of \$30.1 million for the 1980 Winter Olympics. His letter indicates that the approval is based on the understanding that the Department has requested a supplemental appropriation to restore these funds to the Economic Development Administration's public works program.

*See note  
J*

**Electrostatic Copy Made  
for Preservation Purposes**



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

FEB 11 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: BERT LANCE *BRL*  
SUBJECT: 1980 Winter Olympic Games, Lake Placid, New York

Issue: What should be this Administration's position on Federal financing of the 1980 Winter Olympics Games to be held in Lake Placid, N.Y.?

Background

On April 6, 1976, a memorandum was sent to President Ford which served as the basis for the previous Administration's position (see attachment A). That position was that Federal financing should be provided only for permanent, unique sports facilities. In May, legislation was introduced at the Administration's request which would have authorized Federal assistance of approximately \$28 million. Representative McEwen, from the Lake Placid area, had already introduced legislation authorizing \$50 million in assistance for both permanent sports facilities and temporary supporting facilities, such as athletes' housing, parking lots and administrative offices. *ok*

Congress subsequently enacted legislation (P.L. 94-427) authorizing \$49 million for both permanent and temporary facilities. This legislation was signed by President Ford on September 28, 1976. The signing statement indicated that permanent facilities would be assisted and that the Secretary of Commerce should review the need for the temporary facilities and seek ways to meet those needs without additional Federal expenditures (see attachment B). The original Ford proposal for \$28 million had contemplated providing assistance under the regular public works program of the Economic Development Administration in the Department of Commerce, rather than through a special new appropriation.

After reviewing the situation, the Department of Commerce submitted a reprogramming request to the Congress proposing the use of \$30.1 million of the Economic Development Administration's FY 1977 regular public works funds for the Olympics--\$27.3 million for permanent sports facilities and \$2.8 million for utilities and administrative offices (see attachment C). The Department also intends to provide an additional \$5 million in regular public works funds in FY 1978 for other temporary supporting



facilities. In addition to the Economic Development Administration assistance, the 1978 Budget proposes a 1977 supplemental appropriation of \$22 million for construction of a youth correctional facility, by the Bureau of Prisons, near Lake Placid which would be used for the housing of athletes at the Winter Olympics.

These proposals were based on the belief that the Lake Placid area had no other means to finance needed facilities. Failure to provide this Federal assistance would likely result in collapse of the effort to hold the 1980 Winter Olympics Games at Lake Placid, and in the United States. It is essential that assistance be provided before this spring so that construction may begin as soon as weather permits. Without a full construction season this year, the necessary facilities could not be built in time.

A major factor influencing the previous Administration's position to finance only permanent, unique sports facilities was the precedent this established for future Federal financing of international athletic competitions. No direct Federal financing has ever been provided for such competitions in the past. With Los Angeles considering bidding for the 1984 Summer Olympic Games, the precedent is very important. The 1976 Summer Olympic Games in Canada cost approximately \$1.4 billion.

The House Appropriations Committee has now approved the requested reprogramming of the \$30 million of regular public works funds. However, Senator Hollings, chairman of the cognizant Senate Appropriations subcommittee, has indicated that he will not approve the reprogramming unless you request a 1977 supplemental appropriation to restore the original program funding level.

#### Major Policy Options

1. Provide Federal support for all needed facilities, both permanent and temporary. (Estimated cost--\$50 to 60 million.)
2. Limit Federal support to permanent sports facilities. (Estimated cost--\$30 to 40 million.)
3. Provide no special Federal assistance.

Because a youth correctional facility is needed in the Northeast, we have assumed that it would be built under any of the above options.

#### Discussion

Option #3, to provide no special assistance, would likely result in Lake Placid having to withdraw from hosting the 1980 Winter Olympics. It does not appear that alternative financing arrangements are possible.

Option #1 would establish an undesirable precedent for future international athletic competitions.

Option #2 would minimize the precedent, while allowing Lake Placid to host the Winter Games. Selection of this option would essentially affirm the position of the previous Administration.

Recommendation: Option #2.

Decision

\_\_\_\_\_ Option #1

✓ Option #2

\_\_\_\_\_ Option #3

*Held to previous limit of \$30.1 M. Make it clear that we will not do this in the future - J*

Implementing Options

1. Provide funding by reprogramming the Economic Development Administration's regular public works appropriation, without restoration of the funds.
2. Provide funding through the Economic Development Administration's regular public works program, but seek a supplemental appropriation to restore the \$30 million, citing this as consistent with your economic stimulus objectives (Lake Placid currently has a 16% unemployment rate).
3. Seek funding under the special Lake Placid Winter Olympic authorizing legislation as a 1977 supplemental request.

Discussion

Option #1 will be unpopular since it would result in funds being taken from other areas of the Nation to provide funding for Lake Placid. Because of this, it is likely that Congress would restore the \$30 million anyway.

Funding the facilities under the Lake Placid authorizing legislation, Option #3, would probably result in a late start on actual construction since an appropriation would be unlikely before April. This could jeopardize completion of the facilities in time for the Games.

Option #2 appears to offer the quickest and most acceptable alternative. Approval of the reprogramming would make the funds available this



month -- and funds would be restored to the regular public works appropriation this spring.

Recommendation: Option #2

Decision

\_\_\_\_\_ Option #1

\_\_\_\_\_ Option #2

\_\_\_\_\_ Option #3

Attachments

ATTACHMENT A



April 26, 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. Lynn *JS/ Lynn*  
SUBJECT: 1980 Winter Olympics

THE ISSUE

What is the appropriate Federal Government role in financing the 1980 Winter Olympics to be held at Lake Placid, N. Y.?

BACKGROUND

Lake Placid has been selected by the International Olympic Committee to host the 1980 Winter Olympic Games, February 14-23, 1980. Senators Javits and Buckley and Representative McEwen have sponsored legislation (S. 2184 and H.R. 8906) to provide a special authorization of \$50 million in Federal support to Lake Placid, to be administered by the Secretary of Commerce. The \$50 million funding level is based upon a proposal developed by the Lake Placid Organizing Committee.

No specific commitments have been made by the Federal government to provide financing for these Olympics. Your letter to Lord Killanin, President of the International Olympic Committee, endorsed Lake Placid as the site, but provided no expressed commitment of financial support. The Lake Placid Organizing Committee, however, has always assumed that some level of Federal assistance would be provided. At the time its proposal was submitted to the International Olympic Committee, the Lake Placid group indicated it would need about \$16 million in Federal assistance.

The only precedent for Federal support to an Olympics is Squaw Valley in 1960. In that case, a \$3.5 million ice arena was built on Federal land and is still under Federal ownership. In addition, \$500,000 was spent for military support personnel.

The current proposal of the Lake Placid Organizing Committee estimates total costs of the Games at almost \$80 million.

The following table summarizes the current rough estimates of total costs, and offsetting revenues. It also indicates the proposed Federal, State and local shares, as now planned by the Lake Placid group. The State and local share of costs would be about \$30 million, but over half of this amount would be recovered through either normal Federal grants, or through revenues from T.V. rights, gate receipts, marketing and licensing. The requested Federal share of costs would cover all permanent sports facilities and almost all temporary supporting facilities except for some sports facilities located in the State Park which would be funded by the State.

Lake Placid Organizing Committee Proposal  
Estimated Net Costs  
(\$ in millions)

	<u>Federal</u>	<u>State</u>	<u>Local</u>
Sports Facilities	\$28.0	\$14.0	\$-0-
Support Facilities	22.0	-0-	-0-
Support Services	-0-	2.0	13.7
Subtotal	<u>50.0</u>	<u>16.0</u>	<u>13.7</u>
Offsetting Revenues	-0-	-0-	13.0
Normal Federal Grants	-	4.0	-0-
Net Costs	<u>\$50.0</u>	<u>\$12.0</u>	<u>\$ 0.7</u>

The attachment provides a more detailed discussion of the proposed facilities, and the possible Federal, State and local roles.

A major consideration in determining what assistance should be provided for Lake Placid, is the implications it may have for Federal assistance to future sports events. It is likely that similar requests for assistance will be made by Los Angeles, in bidding for the 1984 Summer Olympics. Also, Puerto Rico will host the 1979 Pan American Games and legislation has already been introduced to provide Federal assistance. Thus, the precedent established for Lake Placid is particularly important.

Another important consideration is that if the Federal Government assumes any financial responsibility whatever, it is likely to be under heavy pressure to bail out the Lake Placid Committee if it runs into financial difficulties which threaten the Games. There are many possibilities for major cost overruns.



The current facility cost estimates appear adequate, but they are quite tentative. They include a 30 percent factor for inflation and contingencies. Construction problems can easily occur, however, which would upset these estimates. In addition, the estimated administrative costs could go higher. The proposal of the Lake Placid Organizing Committee assumes that all administrative costs will be recovered in revenues from T.V. rights, gate receipts and marketing. But this is highly speculative, especially given the Committee's lack of experience in managing a competition of this size and complexity.

It appears that the Congress will be receptive to proposals from the Administration regarding the appropriate Federal role. The Chairman of the responsible Senate Committee, Senator Magnuson, has stated that his Committee will be reluctant to consider a bill to assist Lake Placid unless he is assured that it will be acceptable to the Administration.

#### OPTIONS

- A. Assume responsibility for financing the facilities, as proposed by the Lake Placid Organizing Committee. Estimated cost: \$50 million or more.
- B. Attempt to limit financial responsibility to the permanent sports facilities needed, but obtain standby authority to provide loans or loan guarantees for the costs of the supporting facilities if such assistance is needed. Estimated cost: \$28 to \$40 million. (Department of Commerce recommendation.)
- C. Limit the Federal role to funding only the currently estimated costs of the permanent sports facilities, and no more than 50% of any cost overruns for those facilities. Estimated cost: \$28 million. (OMB recommendation.)
- D. Limit the Federal role to providing funds only for those permanent sports facilities which would be unique national facilities, and provide no additional funds for cost overruns. Estimated cost: \$10 million.
- E. Provide no special financial assistance. Any Federal assistance would be limited to that which Lake Placid could obtain in normal competition for available funds under existing programs.



## Discussion of Options

### Option A

It is argued that hosting events like the Olympics is of substantial national importance because of the international relations benefits, the economic benefits resulting from the event, and the benefits derived from stimulating public interest in sports and competition. It is also argued that another failure to successfully host the Olympics (after the Denver experience) would be a serious blow to our international image, and would jeopardize the chances of being invited to host any future Olympic event. These are the primary arguments presented by the Lake Placid Organizing Committee in support of its proposal that the Federal Government assume primary responsibility for the cost of the facilities needed for the event.

Although the nation may benefit from hosting an Olympic event, it is expected that the hosting State and local communities also will receive the most important benefits. In particular, the economic benefits will accrue primarily to the State and local areas. For example, a preliminary economic impact study estimates that the Lake Placid region will receive economic benefits of more than \$60 million before, during and for the 10 years after the Olympics. In view of these benefits, it is appropriate for the hosting State and communities to play a substantial role in financing the costs of such an event.

There also is concern that the general availability of Federal funding will encourage future hosting communities to expect Federal assistance and to develop unnecessary or extravagant facilities. The proposal for Federal funding prepared by Lake Placid includes plans for facilities, such as an entirely new complex to house athletes, which almost certainly would not be included if funding were to be provided by the State or local governments. If the Federal government assumes the primary responsibility for the cost of the facilities, it also is likely that it will be expected to cover the cost of overruns.

Although there are serious disadvantages with assuming a major funding responsibility, it is unlikely that any local community group or State will be willing to finance the full cost of a modern Olympics. The cost of hosting an Olympic Games has grown greatly in the past 10 to 15 years. A community like Lake Placid could not afford to



pay for even the minimum essential facilities required. The State could arrange to finance the costs, but it is unlikely to be willing to allocate the large amount needed.

All indications are that without a significant Federal participation in the costs, the 1980 Winter Olympic Games will not be held at Lake Placid. It also can be expected that no future Olympics will be held in this country without significant Federal financial assistance.

There are alternative levels of Federal financial responsibility which should permit the hosting of the Olympics in this country while trying to minimize the undesirable features of assuming primary financial responsibility.

#### Option B

There are certain sports facilities which are required in order to host the competitions, such as a 90 meter ski jump and a luge run, which will have a lasting value for training and competition for the local area and for athletes throughout the country. They will be available for many years for future competitive events, for training of U.S. athletes, and for public use. If Federal financial assistance were restricted to these required sports facilities, it would provide a basis for limiting Federal funding, while assuring that the most critical facilities are available for the Olympics and available for future use as national sports facilities.

The Department of Commerce believes it would be appropriate to try to limit Federal assistance to these sports facilities, but it is concerned that the Lake Placid group and the State may not be able to obtain adequate funds to cover the costs of the support facilities and services, and that the lack of such funds could jeopardize the Olympics. Commerce suggests that it obtain standby authority to provide loan guarantees or direct loans for support facilities if such assistance is necessary to permit hosting the Olympics.

The problem with obtaining such standby authority is that it could reduce pressures on the Lake Placid Committee and the State to exercise budgetary constraint and to maximize other sources of revenue. Also, it would establish the undesirable precedent of the Federal Government assuming some responsibility for the cost of support facilities.



Option C

This option also would assure the necessary facilities for the competitive events.

It would try to avoid a precedent of Federal funding of support facilities, including housing, spectator and administrative facilities, and for support services. These latter areas offer more opportunities for cost overruns and local extravagance. Also for a summer Olympics the support facilities and services would generally be much more costly than the sports facilities. Avoiding the precedent of Federal responsibility for support costs could have major significance for a summer Olympics.

In the case of Lake Placid, it appears that the State and local communities would be able to cover the costs of the housing, administrative and spectator facilities and support services if the effort is well managed and if they opt for relatively spartan facilities rather than selecting more costly options. It is expected that revenues from T.V. rights, gate receipts and marketing/licensing will cover all organization and administrative costs, and may cover a significant portion of these support facilities' costs. An analysis of the Lake Placid plans indicates that it may be possible to substantially reduce the cost of many of the support facilities by using existing, less desirable, but adequate facilities.

This option also proposes to limit the Federal responsibility for cost overruns on the sports facilities to no more than 50% of the cost of overruns above the current estimates. We believe that the current estimates provide ample factors for inflation and contingencies and should not be exceeded under reasonable management. A 50% cost sharing of overruns would assure, however, that the Lake Placid group exercises close cost controls and avoids major upgrading of the planned facilities.

Option D

This option would provide funding only for the sports facilities that are unique in the country. This would include the ski jump, the luge and the speed skating track, but it would not include the ice skating arena. The arena, however, is by far the most costly sports facility needed (about \$18 million).



This option would limit Federal funding for Lake Placid to only about \$10 million, and it would also greatly limit the precedent effect. There are few, if any, unique sports facilities associated with a summer Olympics.

It is doubtful that Lake Placid and the State would be able or willing to provide the funds for the ice skating arena. It would be very difficult to host the ice skating and hockey competitions without the new arena. Also, the lack of this second arena would severely restrict spectator space for the competitions and the ceremonies.

#### Option F

This option would provide no special Federal assistance. It is unlikely that the Lake Placid group or the State could obtain enough funding through competition for available program funds, to permit them to host the Olympics. Even if they could obtain the necessary funds, there may be delays in funding which would prevent them from completing construction in time.

#### RECOMMENDATION

Option C is recommended. It should provide sufficient Federal assistance to permit Lake Placid to host the Olympics, while minimizing the Federal role and limiting the precedent for future requests.

#### DECISION

- \_\_\_\_\_ Option A. Assume responsibility for financing the facilities as requested.
- \_\_\_\_\_ Option B. Attempt to limit financial responsibility to the sports facilities needed, but have standby authority for support facilities. (Commerce recommendation)
- \_\_\_\_\_ Option C. Limit the Federal role to the currently estimated cost of the sports facilities and no more than 50% of the cost of overruns for those facilities. (OMB recommendation)
- \_\_\_\_\_ Option D. Limit the Federal role to funding only unique national sport facilities. (\$10 million)

\_\_\_\_\_ Option E. Provide no special financial assistance.

Implementation

It is proposed that under any of the first four options, every effort would be made to use existing program authorities and appropriations to meet the Federal responsibility. This will minimize new Federal outlays. It may not be possible to cover all costs under existing program authorities. Thus, it is recommended that the Administration request special purpose legislation to provide authority to meet specific needs which cannot be met under existing programs. Under the recommended option, the Administration would request authority for appropriations to supplement existing programs in the financing of the sports facilities only. Appropriations would be requested only if needed. This legislation would specify that maximum use is to be made of existing authorities and that the Secretary of Commerce would have overall responsibility to coordinate Federal assistance. It also would specify that the Federal Government would not pay more than 50% of the cost of overruns on the construction of the sports facilities.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

Attachments

cc: DO Records  
Director's Chron.  
Director  
Deputy Director  
Congressional Relations  
Associate Director EG  
Mr. Bray (2)  
Commerce Official File  
Return to Mr. Hystad  
EGD/CB:EEFystad:vt 3/22;76



PROPOSED FACILITIES FOR THE 1980 WINTER OLYMPICSFacilities Proposed by Lake Placid Committee for Federal Funding

New Sports Facilities. The proposal requests Federal funding for \$28 million in new permanent facilities. These facilities would be available for use after the conclusion of the Games. Included are a 400 meter outdoor speed skating oval; a field house with two ice sheets, seating for 9,000, and connecting dressing and equipment facilities; a 90 meter ski jump; a luge run; and improvements in existing municipally owned electrical distribution system to handle the new facilities. All of these facilities, with the exception of the field house, would be unique or rare in the United States. Presently, there is no approved 90 meter ski jump nor luge run. The only 400 meter speed skating oval, in Wisconsin, is open for general public use, and thus is difficult to maintain at competition standards and to make available for training and organized competition. The field house, together with the existing ice arena, would provide training facilities for figure skating and hockey, but would not be unique. Collectively, the new and existing facilities would provide the best winter sports facilities for training and organized competition available in this country.

Housing for Athletes and Officials. The proposal presented represents the most costly method for providing these facilities, i.e., the construction of an Olympic Village costing \$15 million. Since the area has no need for additional low income housing and marginal potential for additional commercial housing, an Olympic Village would have little long term value. There is currently underway exploration of an alternative. A State-owned hospital complex, which is near Lake Placid, is scheduled for closing. It may be possible to renovate this facility, use it for housing the athletes and officials (1600 persons) and subsequently convert it to a regional mental health facility or other purpose. The Organizing Committee analyzed the possibility of using existing hotel facilities, but concluded this would be undesirable. The small number of units available at any one location, together with security requirements, were the basis for this conclusion.

Since it is unlikely that a permanent Olympic Village will be built due to a lack of subsequent use, housing costs will probably be considerably less than estimated in the proposal. But how much less cannot be determined at this time.



Other Support Facilities. Supporting facilities, which are needed for use only during the Games are: additional seating capacity in the existing ice skating arena; administrative offices; parking for 2,000 automobiles; a T.V. center; temporary sanitary and water facilities; and miscellaneous construction. Their total estimated cost is \$7 million.

Improvements to the existing ice arena would provide temporary additional seating capacity for 5,000 and cost \$754,000. Ticket sales could be used to finance at least part of this. Administrative offices would be provided by remodeling the present town hall at a cost of \$1 million. It may be possible that the high school can be used for this purpose, however. Temporary parking for 2,000 automobiles is estimated to cost \$709,000. While parking will certainly be a problem, it should be possible to cover most of the cost through user charges. A T.V. center costing \$1.2 million, which is to be a building shell in which the equipment for broadcasting can be placed, should be financed thru user charges. It may be possible for this building to be later used as a bus barn for either the school district or local government, thus reducing the Olympic Games cost.

Necessary temporary water and sanitary facilities (\$419,000) and needed miscellaneous temporary construction (\$3 million) such as score boards and judges stands, probably could be financed from ticket sales, royalties or other means.

#### State and Locally Provided Facilities

By the State of New York. The State is anticipating making significant improvements to the Whiteface Mountain Ski Center where the Alpine ski events will be held (downhill, slalom and giant slalom races). Included are three new chair lifts, increased snow making capacity, buildings, parking, utilities and ski trail improvements.

Mt. Van Hoevenberg will be the site of the bobsled, luge, curling, biathlon and cross country events. This State facility will require improvements, including refrigeration of the present bobsled run, curling building, improvements to the ski trails, a closed circuit television system, and utilities.

It is currently estimated that the State will spend \$14 million in making these improvements. Of that amount, approximately \$4 million is expected to be grant-in-aid funds provided by the Bureau of Outdoor Recreation. Thus, the net State outlay will be about \$10 million.



Improvements by the Village of Lake Placid. The village anticipates spending approximately \$700,000 for improvements to existing municipal facilities such as parking, service vehicles and equipment, water pumping station and distribution system, and sewage disposal plant.

Summary

In total the cost of staging the 1980 Winter Games could require about \$80 million for facilities and administrative costs. Under the Lake Placid Organizing Committee proposal the Federal government would provide \$50 million largely for new facilities. The State of New York would provide \$14 million, \$4 million of which would be Federal grant in aid for improvements in existing State facilities. Plus, they will provide all needed security (estimated cost \$2 million). The village of Lake Placid would provide less than \$1 million. The Organizing Committee will provide \$13 million for administrative expenses, but it is expected that these administrative expenses will be covered by revenues from T.V. rights, ticket sales, etc.

Lake Placid Organizing Committee's  
Proposed Federal Funding  
Estimated Outlays by Fiscal Year  
(\$ in thousands)

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>Totals</u>
<u>Sports Facilities</u>					
Speed Skating Oval*	1,968	-	-	-	1,968
Field House	9,240	7,212	1,612	-	18,064
Ski Jump*	444	2,193	367	-	3,004
Luge*	-	1,823	2,300	-	4,128
Elec. System required for Sports Facilities	830	-	-	-	830
Subtotal	12,482	11,233	4,279	-	27,994
<u>Support Facilities &amp; Other Costs</u>					
Administrative Offices	968	-	-	-	968
Add Seating to Existing Ice Arena	568	186	-	-	754
T.V. Center	591	616	-	-	1,207
Parking	709	-	-	-	709
Sanitary & Water Facilities	278	141	-	-	419
Miscellaneous Temporary Construction	-	1,080	1,620	300	3,000
Subtotal	3,114	2,023	1,620	300	7,057
<u>Athletes' Housing**</u>					
<u>Athletes &amp; Officials Housing &amp; Related Facilities</u>					
	2,221	5,476	5,520	1,732	14,949
	2,221	5,476	5,520	1,732	14,949
<u>Summary</u>					
Sports Facilities	12,482	11,233	4,279	-	27,994
Support Facilities					
- Admin. & Spectator Facilities	3,114	2,023	1,620	300	7,057
- Housing	2,221	5,476	5,520	1,732	14,949
Totals	17,817	18,732	11,419	2,032	50,000

\* Denotes those sports facilities which would be unique national facilities.

\*\* Olympic housing cost estimates are very speculative. Costs shown here are maximum possible. It may be feasible to avoid any major new construction for housing athletes and officials.



ATTACHMENT B

SEPTEMBER 29, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have signed into law S. 2184, a bill to authorize Federal financial assistance for planning, design and construction or improvement of facilities for the 1980 Olympic Winter Games at Lake Placid, New York.

This legislation will not only furnish the resources necessary for the next Winter Olympic Games to be held in the United States; it will also provide training facilities for future American Olympic athletes, which will enhance their ability to compete with heavily subsidized teams from other nations.

I am committed to the improvement of amateur sports in the United States and the strengthening of our Olympic teams. I believe that this can be accomplished without massive government interference or subsidies. For this reason my proposal for Federal financing of the Lake Placid Games, which I introduced last May, entailed only the construction of permanent, unique sports facilities at a cost of \$28 million in grants to the Lake Placid Olympic Organizing Committee.

The bill I am approving today authorizes \$49,040,000 for permanent facilities and for other capital funding needed for the games. The additional authorization provided in this bill is intended to provide temporary and support facilities (i.e., housing, spectator and administration facilities), and support services for the games.

I continue to believe that this additional financial assistance should not be provided by the Federal taxpayer. Accordingly, I am asking Secretary Richardson to take action to fund the permanent, unique facilities covered in the Administration's proposal of May 10, 1976. I am also asking that he meet with the Lake Placid Olympic Committee to review its needs for related facilities and to seek ways to meet those needs without additional Federal expenditure.

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ATTACHMENT C





Honorable John M. Slack  
Chairman, Subcommittee on State,  
Justice, and Commerce, the  
Judiciary, and Related Agencies  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Public Law 94-427, of September 28, 1976, has authorized the Secretary of Commerce to support the Winter Olympics to be held in Lake Placid, New York, in February 1980. This expression of support has come very late in the cycle of planning and construction which must precede the Olympic Games. Construction on permanent sports facilities costing \$27.3 million and other support facilities including utility augmentation and administrative space requiring \$2.8 million, must be started by the Spring of 1977. They must be ready beginning in January of 1979 as required by the International Olympic Commission when preparatory activity for the Games begins. Preparation for construction must begin immediately. Given the very short construction season in the Lake Placid area, any slippage in the schedule could mean that the U.S. would be unable to host the Winter Olympics in 1980.

The Lake Placid Organizing Committee has a severe financial problem. They do not have funds with which to operate the planning, architectural, and engineering programs necessary for meeting an April 1977 construction schedule. Without immediate assurance of future financial support from the Federal Government, their efforts to hold the 1980 Winter Olympics in Lake Placid could collapse. Accordingly, the Department of Commerce proposes that \$30.1 million, funds already appropriated for FY 1977, be reprogrammed from the Economic Development Administration Title I Public Works program in order to enable the Lake Placid organizers to proceed. This would provide the assurance that Federal funding will be available when all normal conditions of application to EDA have been met. Although actual obligations and disbursements to Lake Placid cannot be made until February 1977, providing





for the Olympic projects in the EDA funding plan will allow them to make interim financial arrangements so that work can proceed. The delay in the formal obligation and disbursement of funds is expected to occur in meeting requirements of the National Environmental Policy Act, as amended. This requires a total waiting period of 120 days from the issuance of the draft environmental impact statement, which was accomplished and announced in the Federal Register on October 18, 1976. Hearings on the draft statement were begun November 10 at Lake Placid. The next is scheduled November 18 at Albany.

The \$30.1 million proposed for reprogramming will cover only those projects which must be started at the present time. It will be possible to fund the \$4.9 million of remaining work in fiscal year 1978. The balance of the \$49.0 million authorization is \$14.3 million; this is for athletes' housing. The Lake Placid Organizing Committee is studying alternatives to providing high cost temporary housing, for which there would be no residual use. The Commerce Department is working with them to investigate alternatives which would provide housing with a permanent residual use and to consider the option of housing athletes off of the site. A proposal will be made as soon as all solutions have been studied and the best one selected.

The enclosure to this letter lists the projects for which reprogramming is proposed and displays the outlay effects by fiscal year. The Department stands ready to answer any questions you may have. I urge your favorable consideration of this proposal.

Sincerely,

Elliot L. Richardson

Enclosures



XIII OLYMPIC WINTER GAME

## Cash Flow

Type of Facility  
(By Fiscal Year)

<u>Items Requiring Obligation</u> <u>of Funds in FY 1977</u>	<u>FY 1976</u> <u>TO</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>Total</u>
<u>Permanent, unique facilities:</u>						
400-Meter Speed						
Skating Oval.....	\$57,733	\$1,278,667	\$889,879	\$59,908	\$34,352	\$2,320,539
Field House.....	325,401	3,486,619	8,845,548	2,614,298	232,307	15,504,189
Renovation of Existing						
Arena.....	33,282	432,053	443,748	1,051,018	29,463	1,989,564
70- and 90-Meter Ski						
Jump.....	58,055	1,882,963	1,043,251	80,548	46,979	3,111,796
Luge.....	110,995	2,656,889	1,461,287	113,472	65,635	4,408,278
Subtotal.....	585,466	9,737,191	12,683,713	3,919,244	408,732	27,336,346
<u>Other Facilities:</u>						
Utilities (Power and						
water).....	19,534	585,212	1,296,482	49,216	28,748	1,979,192
Administration Offices	9,370	535,269	284,725	24,696	14,628	868,688
Subtotal.....	28,904	1,120,481	1,581,207	73,912	43,376	2,847,980
Total Funded By Commerce	614,370	10,857,672	14,264,920	3,993,156	452,108	30,182,226

DEPARTMENT OF COMMERCE

Notification of Proposed Reprogramming

FY 1977

Operating Unit: Economic Development Administration  
Appropriation: Economic development assistance programs  
Program: Public works grants

FISCAL SUMMARY

	<u>(Amount in thousands of dollars)</u>	
	<u>Perm.</u>	<u>Amount</u>
	<u>Pos.</u>	
1. <u>Reprogrammed from:</u>		
Public works grants (I) .....	...	-\$30,200
2. <u>Reprogrammed to:</u>		
Public works grants (I) 1980 Winter		
Olympics .....	...	+\$30,100

DESCRIPTION/JUSTIFICATION

Public Law 94-427 of September 28, 1976, has authorized the Secretary of Commerce to support the 1980 Winter Olympics to be held in Lake Placid, New York in February 1980. This expression of support has come very late in the cycle of planning and construction which must precede the Olympic Games. If the facilities are to be ready beginning in January of 1979 as required by the International Olympics Commission when preparatory activity for the Games begins, construction on permanent sports facilities and other support facilities must be started by the Spring of 1977.

EFFECTS

The proposed reprogramming will cover those projects which must be immediately started in 1977. The immediate effect of the reprogramming will be to assure the Olympic Organizing Committee of future financial support from the Federal Government. The subsequent approval of the initial olympic project to be funded from the reprogrammed funds will satisfy the Committee's pressing need for cash to meet their obligations.



## THE WHITE HOUSE

WASHINGTON

February 15, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT  
KURT SCHMOKE

SUBJECT:

Bert Lance Memo re: Federal  
financial Support for 1980  
Winter Olympics

We concur with OMB's recommendation. Apparently this position is acceptable to the Congress, the DOC, the 1980 Olympics Organizers and the President's Commission on Olympic Sports. The alternative approach of seeking a special appropriation under P.L. 94-427 probably will lead to some delay and result in Lake Placid's withdrawing from hosting the Olympics. You should not commit yourself to anything broader than limited financial assistance until a policy position has been established on the role the federal government should play in supporting international sports.

THE WHITE HOUSE  
WASHINGTON

2/16

Date: February 14, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat ✓  
Jack Watson ✓  
Hamilton Jordan ✓  
Midge Costanza ✓  
Frank Moore ✓

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 1980 Winter Olympics

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 A.M.

DAY: Wednesday

DATE: February 16, 1977

change to Tues noon

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



FOR ACTION:

Stu Eizenstat  
Jack Watson  
Hamilton Jordan  
Midge Costanza  
Frank Moore

FOR INFORMATION:

93  
cc: Kurt Schmoke  
BERT CARA

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 1980 Winter Olympics

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: ~~10:00 A.M.~~ noon

DAY: ~~Wednesday~~ Tuesday

DATE: February 16, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: February 14, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Jack Watson  
Hamilton Jordan  
Midge Costanza  
Frank Moore ✓

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 1980 Winter Olympics

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: ~~10:00 A.M.~~ noon

DAY: Wednesday Tues.

DATE: February 15, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



Date: February 14, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Jack Watson  
Hamilton Jordan  
Midge Costanza  
Frank Moore

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 1980 Winter Olympics

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 A.M.

DAY: Wednesday

DATE: February 16, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.  
JW

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date February 14, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Jack Watson  
Hamilton Jordan  
Midge Costanza  
Frank Moore

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 1980 Winter Olympics

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 A.M. *12 NOON*

DAY: ~~Wednesday~~ *TUESDAY*

DATE: February 16, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE  
WASHINGTON

The attached is forwarded to  
you for your information.

The Vice President

Midge Costanza

Stu Eizenstat

Hamilton Jordan

Bob Lipshutz

Frank Moore

Jody Powell

Jack Watson

Rick Hutcheson



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

FEB 11 1977

INFORMATION

MEMORANDUM FOR: THE PRESIDENT  
FROM: BERT LANCE *B. Lance*  
SUBJECT: 1980 Winter Olympics

We were just informed that on February 9, 1977, Senator Hollings approved the Department of Commerce's requested reprogramming of \$30.1 million for the 1980 Winter Olympics. His letter indicates that the approval is based on the understanding that the Department has requested a supplemental appropriation to restore these funds to the Economic Development Administration's public works program.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

FEB 11 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: BERT LANCE *BLa*  
SUBJECT: 1980 Winter Olympic Games, Lake Placid, New York

Issue: What should be this Administration's position on Federal financing of the 1980 Winter Olympics Games to be held in Lake Placid, N.Y.?

Background

On April 6, 1976, a memorandum was sent to President Ford which served as the basis for the previous Administration's position (see attachment A). That position was that Federal financing should be provided only for permanent, unique sports facilities. In May, legislation was introduced at the Administration's request which would have authorized Federal assistance of approximately \$28 million. Representative McEwen, from the Lake Placid area, had already introduced legislation authorizing \$50 million in assistance for both permanent sports facilities and temporary supporting facilities, such as athletes' housing, parking lots and administrative offices.

Congress subsequently enacted legislation (P.L. 94-427) authorizing \$49 million for both permanent and temporary facilities. This legislation was signed by President Ford on September 28, 1976. The signing statement indicated that permanent facilities would be assisted and that the Secretary of Commerce should review the need for the temporary facilities and seek ways to meet those needs without additional Federal expenditures (see attachment B). The original Ford proposal for \$28 million had contemplated providing assistance under the regular public works program of the Economic Development Administration in the Department of Commerce, rather than through a special new appropriation.

After reviewing the situation, the Department of Commerce submitted a reprogramming request to the Congress proposing the use of \$30.1 million of the Economic Development Administration's FY 1977 regular public works funds for the Olympics--\$27.3 million for permanent sports facilities and \$2.8 million for utilities and administrative offices (see attachment C). The Department also intends to provide an additional \$5 million in regular public works funds in FY 1978 for other temporary supporting

facilities. In addition to the Economic Development Administration assistance, the 1978 Budget proposes a 1977 supplemental appropriation of \$22 million for construction of a youth correctional facility, by the Bureau of Prisons, near Lake Placid which would be used for the housing of athletes at the Winter Olympics.

These proposals were based on the belief that the Lake Placid area had no other means to finance needed facilities. Failure to provide this Federal assistance would likely result in collapse of the effort to hold the 1980 Winter Olympics Games at Lake Placid, and in the United States. It is essential that assistance be provided before this spring so that construction may begin as soon as weather permits. Without a full construction season this year, the necessary facilities could not be built in time.

A major factor influencing the previous Administration's position to finance only permanent, unique sports facilities was the precedent this established for future Federal financing of international athletic competitions. No direct Federal financing has ever been provided for such competitions in the past. With Los Angeles considering bidding for the 1984 Summer Olympic Games, the precedent is very important. The 1976 Summer Olympic Games in Canada cost approximately \$1.4 billion.

The House Appropriations Committee has now approved the requested reprogramming of the \$30 million of regular public works funds. However, Senator Hollings, chairman of the cognizant Senate Appropriations subcommittee, has indicated that he will not approve the reprogramming unless you request a 1977 supplemental appropriation to restore the original program funding level.

#### Major Policy Options

1. Provide Federal support for all needed facilities, both permanent and temporary. (Estimated cost--\$50 to 60 million.)
2. Limit Federal support to permanent sports facilities. (Estimated cost--\$30 to 40 million.)
3. Provide no special Federal assistance.

Because a youth correctional facility is needed in the Northeast, we have assumed that it would be built under any of the above options.

#### Discussion

Option #3, to provide no special assistance, would likely result in Lake Placid having to withdraw from hosting the 1980 Winter Olympics. It does not appear that alternative financing arrangements are possible.



Option #1 would establish an undesirable precedent for future international athletic competitions.

Option #2 would minimize the precedent, while allowing Lake Placid to host the Winter Games. Selection of this option would essentially affirm the position of the previous Administration.

Recommendation: Option #2.

Decision

\_\_\_\_\_ Option #1

\_\_\_\_\_ Option #2

\_\_\_\_\_ Option #3

Implementing Options

1. Provide funding by reprogramming the Economic Development Administration's regular public works appropriation, without restoration of the funds.
2. Provide funding through the Economic Development Administration's regular public works program, but seek a supplemental appropriation to restore the \$30 million, citing this as consistent with your economic stimulus objectives (Lake Placid currently has a 16% unemployment rate).
3. Seek funding under the special Lake Placid Winter Olympic authorizing legislation as a 1977 supplemental request.

Discussion

Option #1 will be unpopular since it would result in funds being taken from other areas of the Nation to provide funding for Lake Placid. Because of this, it is likely that Congress would restore the \$30 million anyway.

Funding the facilities under the Lake Placid authorizing legislation, Option #3, would probably result in a late start on actual construction since an appropriation would be unlikely before April. This could jeopardize completion of the facilities in time for the Games.

Option #2 appears to offer the quickest and most acceptable alternative. Approval of the reprogramming would make the funds available this

month -- and funds would be restored to the regular public works appropriation this spring.

Recommendation: Option #2

Decision

\_\_\_\_\_ Option #1

\_\_\_\_\_ Option #2

\_\_\_\_\_ Option #3

Attachments



April 26, 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. Lynn *JS/ Lynn*

SUBJECT: 1980 Winter Olympics

THE ISSUE

What is the appropriate Federal Government role in financing the 1980 Winter Olympics to be held at Lake Placid, N. Y.?

BACKGROUND

Lake Placid has been selected by the International Olympic Committee to host the 1980 Winter Olympic Games, February 14-23, 1980. Senators Javits and Buckley and Representative McEwen have sponsored legislation (S. 2184 and H.R. 8906) to provide a special authorization of \$50 million in Federal support to Lake Placid, to be administered by the Secretary of Commerce. The \$50 million funding level is based upon a proposal developed by the Lake Placid Organizing Committee.

No specific commitments have been made by the Federal government to provide financing for these Olympics. Your letter to Lord Killanin, President of the International Olympic Committee, endorsed Lake Placid as the site, but provided no expressed commitment of financial support. The Lake Placid Organizing Committee, however, has always assumed that some level of Federal assistance would be provided. At the time its proposal was submitted to the International Olympic Committee, the Lake Placid group indicated it would need about \$16 million in Federal assistance.

The only precedent for Federal support to an Olympics is Squaw Valley in 1960. In that case, a \$3.5 million ice arena was built on Federal land and is still under Federal ownership. In addition, \$500,000 was spent for military support personnel.

The current proposal of the Lake Placid Organizing Committee estimates total costs of the Games at almost \$80 million.

The following table summarizes the current rough estimates of total costs, and offsetting revenues. It also indicates the proposed Federal, State and local shares, as now planned by the Lake Placid group. The State and local share of costs would be about \$30 million, but over half of this amount would be recovered through either normal Federal grants, or through revenues from T.V. rights, gate receipts, marketing and licensing. The requested Federal share of costs would cover all permanent sports facilities and almost all temporary supporting facilities except for some sports facilities located in the State Park which would be funded by the State.

Lake Placid Organizing Committee Proposal  
Estimated Net Costs  
(\$ in millions)

	<u>Federal</u>	<u>State</u>	<u>Local</u>
Sports Facilities	\$28.0	\$14.0	\$-0-
Support Facilities	22.0	-0-	-0-
Support Services	-0-	2.0	13.7
Subtotal	<u>50.0</u>	<u>16.0</u>	<u>13.7</u>
Offsetting Revenues	-0-	-0-	13.0
Normal Federal Grants	-	4.0	-0-
Net Costs	<u>\$50.0</u>	<u>\$12.0</u>	<u>\$ 0.7</u>

The attachment provides a more detailed discussion of the proposed facilities, and the possible Federal, State and local roles.

A major consideration in determining what assistance should be provided for Lake Placid, is the implications it may have for Federal assistance to future sports events. It is likely that similar requests for assistance will be made by Los Angeles, in bidding for the 1984 Summer Olympics. Also, Puerto Rico will host the 1979 Pan American Games and legislation has already been introduced to provide Federal assistance. Thus, the precedent established for Lake Placid is particularly important.

Another important consideration is that if the Federal Government assumes any financial responsibility whatever, it is likely to be under heavy pressure to bail out the Lake Placid Committee if it runs into financial difficulties which threaten the Games. There are many possibilities for major cost overruns.



The current facility cost estimates appear adequate, but they are quite tentative. They include a 30 percent factor for inflation and contingencies. Construction problems can easily occur, however, which would upset these estimates. In addition, the estimated administrative costs could go higher. The proposal of the Lake Placid Organizing Committee assumes that all administrative costs will be recovered in revenues from T.V. rights, gate receipts and marketing. But this is highly speculative, especially given the Committee's lack of experience in managing a competition of this size and complexity.

It appears that the Congress will be receptive to proposals from the Administration regarding the appropriate Federal role. The Chairman of the responsible Senate Committee, Senator Magnuson, has stated that his Committee will be reluctant to consider a bill to assist Lake Placid unless he is assured that it will be acceptable to the Administration.

#### OPTIONS

- A. Assume responsibility for financing the facilities, as proposed by the Lake Placid Organizing Committee. Estimated cost: \$50 million or more.
- B. Attempt to limit financial responsibility to the permanent sports facilities needed, but obtain standby authority to provide loans or loan guarantees for the costs of the supporting facilities if such assistance is needed. Estimated cost: \$28 to \$40 million. (Department of Commerce recommendation.)
- C. Limit the Federal role to funding only the currently estimated costs of the permanent sports facilities, and no more than 50% of any cost overruns for those facilities. Estimated cost: \$28 million. (OMB recommendation.)
- D. Limit the Federal role to providing funds only for those permanent sports facilities which would be unique national facilities, and provide no additional funds for cost overruns. Estimated cost: \$10 million.
- E. Provide no special financial assistance. Any Federal assistance would be limited to that which Lake Placid could obtain in normal competition for available funds under existing programs.



## Discussion of Options

### Option A

It is argued that hosting events like the Olympics is of substantial national importance because of the international relations benefits, the economic benefits resulting from the event, and the benefits derived from stimulating public interest in sports and competition. It is also argued that another failure to successfully host the Olympics (after the Denver experience) would be a serious blow to our international image, and would jeopardize the chances of being invited to host any future Olympic event. These are the primary arguments presented by the Lake Placid Organizing Committee in support of its proposal that the Federal Government assume primary responsibility for the cost of the facilities needed for the event.

Although the nation may benefit from hosting an Olympic event, it is expected that the hosting State and local communities also will receive the most important benefits. In particular, the economic benefits will accrue primarily to the State and local areas. For example, a preliminary economic impact study estimates that the Lake Placid region will receive economic benefits of more than \$60 million before, during and for the 10 years after the Olympics. In view of these benefits, it is appropriate for the hosting State and communities to play a substantial role in financing the costs of such an event.

There also is concern that the general availability of Federal funding will encourage future hosting communities to expect Federal assistance and to develop unnecessary or extravagant facilities. The proposal for Federal funding prepared by Lake Placid includes plans for facilities, such as an entirely new complex to house athletes, which almost certainly would not be included if funding were to be provided by the State or local governments. If the Federal government assumes the primary responsibility for the cost of the facilities, it also is likely that it will be expected to cover the cost of overruns.

Although there are serious disadvantages with assuming a major funding responsibility, it is unlikely that any local community group or State will be willing to finance the full cost of a modern Olympics. The cost of hosting an Olympic Games has grown greatly in the past 10 to 15 years. A community like Lake Placid could not afford to



pay for even the minimum essential facilities required. The State could arrange to finance the costs, but it is unlikely to be willing to allocate the large amount needed.

All indications are that without a significant Federal participation in the costs, the 1980 Winter Olympic Games will not be held at Lake Placid. It also can be expected that no future Olympics will be held in this country without significant Federal financial assistance.

There are alternative levels of Federal financial responsibility which should permit the hosting of the Olympics in this country while trying to minimize the undesirable features of assuming primary financial responsibility.

#### Option B

There are certain sports facilities which are required in order to host the competitions, such as a 90 meter ski jump and a luge run, which will have a lasting value for training and competition for the local area and for athletes throughout the country. They will be available for many years for future competitive events, for training of U.S. athletes, and for public use. If Federal financial assistance were restricted to these required sports facilities, it would provide a basis for limiting Federal funding, while assuring that the most critical facilities are available for the Olympics and available for future use as national sports facilities.

The Department of Commerce believes it would be appropriate to try to limit Federal assistance to these sports facilities, but it is concerned that the Lake Placid group and the State may not be able to obtain adequate funds to cover the costs of the support facilities and services, and that the lack of such funds could jeopardize the Olympics. Commerce suggests that it obtain standby authority to provide loan guarantees or direct loans for support facilities if such assistance is necessary to permit hosting the Olympics.

The problem with obtaining such standby authority is that it could reduce pressures on the Lake Placid Committee and the State to exercise budgetary constraint and to maximize other sources of revenue. Also, it would establish the undesirable precedent of the Federal Government assuming some responsibility for the cost of support facilities.



Option C

This option also would assure the necessary facilities for the competitive events.

It would try to avoid a precedent of Federal funding of support facilities, including housing, spectator and administrative facilities, and for support services. These latter areas offer more opportunities for cost overruns and local extravagance. Also for a summer Olympics the support facilities and services would generally be much more costly than the sports facilities. Avoiding the precedent of Federal responsibility for support costs could have major significance for a summer Olympics.

In the case of Lake Placid, it appears that the State and local communities would be able to cover the costs of the housing, administrative and spectator facilities and support services if the effort is well managed and if they opt for relatively spartan facilities rather than selecting more costly options. It is expected that revenues from T.V. rights, gate receipts and marketing/licensing will cover all organization and administrative costs, and may cover a significant portion of these support facilities' costs. An analysis of the Lake Placid plans indicates that it may be possible to substantially reduce the cost of many of the support facilities by using existing, less desirable, but adequate facilities.

This option also proposes to limit the Federal responsibility for cost overruns on the sports facilities to no more than 50% of the cost of overruns above the current estimates. We believe that the current estimates provide ample factors for inflation and contingencies and should not be exceeded under reasonable management. A 50% cost sharing of overruns would assure, however, that the Lake Placid group exercises close cost controls and avoids major upgrading of the planned facilities.

Option D

This option would provide funding only for the sports facilities that are unique in the country. This would include the ski jump, the luge and the speed skating track, but it would not include the ice skating arena. The arena, however, is by far the most costly sports facility needed (about \$18 million).



This option would limit Federal funding for Lake Placid to only about \$10 million, and it would also greatly limit the precedent effect. There are few, if any, unique sports facilities associated with a summer Olympics.

It is doubtful that Lake Placid and the State would be able or willing to provide the funds for the ice skating arena. It would be very difficult to host the ice skating and hockey competitions without the new arena. Also, the lack of this second arena would severely restrict spectator space for the competitions and the ceremonies.

#### Option F

This option would provide no special Federal assistance. It is unlikely that the Lake Placid group or the State could obtain enough funding through competition for available program funds, to permit them to host the Olympics. Even if they could obtain the necessary funds, there may be delays in funding which would prevent them from completing construction in time.

#### RECOMMENDATION

Option C is recommended. It should provide sufficient Federal assistance to permit Lake Placid to host the Olympics, while minimizing the Federal role and limiting the precedent for future requests.

#### DECISION

- \_\_\_\_\_ Option A. Assume responsibility for financing the facilities as requested.
- \_\_\_\_\_ Option B. Attempt to limit financial responsibility to the sports facilities needed, but have standby authority for support facilities.  
(Commerce recommendation)
- \_\_\_\_\_ Option C. Limit the Federal role to the currently estimated cost of the sports facilities and no more than 50% of the cost of overruns for those facilities.  
(OMB recommendation)
- \_\_\_\_\_ Option D. Limit the Federal role to funding only unique national sport facilities.  
(\$10 million)

\_\_\_\_\_ Option E. Provide no special financial assistance.

Implementation

It is proposed that under any of the first four options, every effort would be made to use existing program authorities and appropriations to meet the Federal responsibility. This will minimize new Federal outlays. It may not be possible to cover all costs under existing program authorities. Thus, it is recommended that the Administration request special purpose legislation to provide authority to meet specific needs which cannot be met under existing programs. Under the recommended option, the Administration would request authority for appropriations to supplement existing programs in the financing of the sports facilities only. Appropriations would be requested only if needed. This legislation would specify that maximum use is to be made of existing authorities and that the Secretary of Commerce would have overall responsibility to coordinate Federal assistance. It also would specify that the Federal Government would not pay more than 50% of the cost of overruns on the construction of the sports facilities.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

Attachments

cc: DO Records  
Director's Chron.  
Director  
Deputy Director  
Congressional Relations  
Associate Director EG  
Mr. Bray (2)  
Commerce Official File  
Return to Mr. Hystad  
EGD/CB:EEHystad:vt 3/22;76



PROPOSED FACILITIES FOR THE 1980 WINTER OLYMPICS

Facilities Proposed by Lake Placid Committee for Federal Funding

New Sports Facilities. The proposal requests Federal funding for \$28 million in new permanent facilities. These facilities would be available for use after the conclusion of the Games. Included are a 400 meter outdoor speed skating oval; a field house with two ice sheets, seating for 9,000, and connecting dressing and equipment facilities; a 90 meter ski jump; a luge run; and improvements in existing municipally owned electrical distribution system to handle the new facilities. All of these facilities, with the exception of the field house, would be unique or rare in the United States. Presently, there is no approved 90 meter ski jump nor luge run. The only 400 meter speed skating oval, in Wisconsin, is open for general public use, and thus is difficult to maintain at competition standards and to make available for training and organized competition. The field house, together with the existing ice arena, would provide training facilities for figure skating and hockey, but would not be unique. Collectively, the new and existing facilities would provide the best winter sports facilities for training and organized competition available in this country.

Housing for Athletes and Officials. The proposal presented represents the most costly method for providing these facilities, i.e., the construction of an Olympic Village costing \$15 million. Since the area has no need for additional low income housing and marginal potential for additional commercial housing, an Olympic Village would have little long term value. There is currently underway exploration of an alternative. A State-owned hospital complex, which is near Lake Placid, is scheduled for closing. It may be possible to renovate this facility, use it for housing the athletes and officials (1600 persons) and subsequently convert it to a regional mental health facility or other purpose. The Organizing Committee analyzed the possibility of using existing hotel facilities, but concluded this would be undesirable. The small number of units available at any one location, together with security requirements, were the basis for this conclusion.

Since it is unlikely that a permanent Olympic Village will be built due to a lack of subsequent use, housing costs will probably be considerably less than estimated in the proposal. But how much less cannot be determined at this time.



Other Support Facilities. Supporting facilities, which are needed for use only during the Games are: additional seating capacity in the existing ice skating arena; administrative offices; parking for 2,000 automobiles; a T.V. center; temporary sanitary and water facilities; and miscellaneous construction. Their total estimated cost is \$7 million.

Improvements to the existing ice arena would provide temporary additional seating capacity for 5,000 and cost \$754,000. Ticket sales could be used to finance at least part of this. Administrative offices would be provided by remodeling the present town hall at a cost of \$1 million. It may be possible that the high school can be used for this purpose, however. Temporary parking for 2,000 automobiles is estimated to cost \$709,000. While parking will certainly be a problem, it should be possible to cover most of the cost through user charges. A T.V. center costing \$1.2 million, which is to be a building shell in which the equipment for broadcasting can be placed, should be financed thru user charges. It may be possible for this building to be later used as a bus barn for either the school district or local government, thus reducing the Olympic Games cost.

Necessary temporary water and sanitary facilities (\$419,000) and needed miscellaneous temporary construction (\$3 million) such as score boards and judge stands, probably could be financed from ticket sales, royalties or other means.

#### State and Locally Provided Facilities

by the State of New York. The State is anticipating making significant improvements to the Whiteface Mountain Ski Center where the Alpine ski events will be held (downhill, slalom and giant slalom races). Included are three new chair lifts, increased snow making capacity, buildings, parking, utilities and ski trail improvements.

Mt. Van Hoevenberg will be the site of the bobsled, luge, curling, biathlon and cross country events. This State facility will require improvements, including refrigeration of the present bobsled run, curling building, improvements to the ski trails, a closed circuit television system, and utilities.

It is currently estimated that the State will spend \$14 million in making these improvements. Of that amount, approximately \$4 million is expected to be grant-in-aid funds provided by the Bureau of Outdoor Recreation. Thus, the net State outlay will be about \$10 million.



Improvements by the Village of Lake Placid. The village anticipates spending approximately \$700,000 for improvements to existing municipal facilities such as parking, service vehicles and equipment, water pumping station and distribution system, and sewage disposal plant.

#### Summary

In total the cost of staging the 1980 Winter Games could require about \$80 million for facilities and administrative costs. Under the Lake Placid Organizing Committee proposal the Federal government would provide \$50 million largely for new facilities. The State of New York would provide \$14 million, \$4 million of which would be Federal grant in aid for improvements in existing State facilities. Plus, they will provide all needed security (estimated cost \$2 million). The village of Lake Placid would provide less than \$1 million. The Organizing Committee will provide \$13 million for administrative expenses, but it is expected that these administrative expenses will be covered by revenues from T.V. rights, ticket sales, etc.

Lake Placid Organizing Committee's  
Proposed Federal Funding  
Estimated Outlays by Fiscal Year  
(\$ in thousands)

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>Totals</u>
<u>Sports Facilities</u>					
Speed Skating Oval*	1,968	-	-	-	1,968
Field House	9,240	7,212	1,612	-	18,064
Ski Jump*	444	2,193	367	-	3,004
Luge*	-	1,828	2,300	-	4,128
Elec. System required for Sports Facilities	830	-	-	-	830
Subtotal	<u>12,482</u>	<u>11,233</u>	<u>4,279</u>	<u>-</u>	<u>27,994</u>

Support Facilities &  
Other Costs

Administrative Offices	968	-	-	-	968
Add Seating to Existing Ice Arena	568	186	-	-	754
T.V. Center	591	616	-	-	1,207
Parking	709	-	-	-	709
Sanitary & Water Facilities	278	141	-	-	419
Miscellaneous Temporary Construction	-	1,080	1,620	300	3,000
Subtotal	<u>3,114</u>	<u>2,023</u>	<u>1,620</u>	<u>300</u>	<u>7,057</u>

Athletes' Housing\*\*

Athletes & Officials

Housing & Related

Facilities

	<u>2,221</u>	<u>5,476</u>	<u>5,520</u>	<u>1,732</u>	<u>14,949</u>
	<u>2,221</u>	<u>5,476</u>	<u>5,520</u>	<u>1,732</u>	<u>14,949</u>

Summary

Sports Facilities	12,482	11,233	4,279	-	27,994
Support Facilities					
- Admin. & Spectator Facilities	3,114	2,023	1,620	300	7,057
- Housing	2,221	5,476	5,520	1,732	14,949
Totals	<u>17,817</u>	<u>18,732</u>	<u>11,419</u>	<u>2,032</u>	<u>50,006</u>

\* Denotes those sports facilities which would be unique national facilities.

\*\* Olympic housing cost estimates are very speculative. Costs shown here are maximum possible. It may be feasible to avoid any major new construction for housing athletes and officials.



SEPTEMBER 29, 1976

## Office of the White House Press Secretary

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I have signed into law S. 2184, a bill to authorize Federal financial assistance for planning, design and construction or improvement of facilities for the 1980 Olympic Winter Games at Lake Placid, New York.

This legislation will not only furnish the resources necessary for the next Winter Olympic Games to be held in the United States; it will also provide training facilities for future American Olympic athletes, which will enhance their ability to compete with heavily subsidized teams from other nations.

I am committed to the improvement of amateur sports in the United States and the strengthening of our Olympic teams. I believe that this can be accomplished without massive government interference or subsidies. For this reason my proposal for Federal financing of the Lake Placid Games, which I introduced last May, entailed only the construction of permanent, unique sports facilities at a cost of \$28 million in grants to the Lake Placid Olympic Organizing Committee.

The bill I am approving today authorizes \$49,040,000 for permanent facilities and for other capital funding needed for the games. The additional authorization provided in this bill is intended to provide temporary and support facilities (i.e., housing, spectator and administration facilities), and support services for the games.

I continue to believe that this additional financial assistance should not be provided by the Federal taxpayer. Accordingly, I am asking Secretary Richardson to take action to fund the permanent, unique facilities covered in the Administration's proposal of May 10, 1976. I am also asking that he meet with the Lake Placid Olympic Committee to review its needs for related facilities and to seek ways to meet those needs without additional Federal expenditure.

#####



Honorable John M. Slack  
Chairman, Subcommittee on State,  
Justice, and Commerce, the  
Judiciary, and Related Agencies  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Public Law 94-427, of September 28, 1976, has authorized the Secretary of Commerce to support the Winter Olympics to be held in Lake Placid, New York, in February 1980. This expression of support has come very late in the cycle of planning and construction which must precede the Olympic Games. Construction on permanent sports facilities costing \$27.3 million and other support facilities including utility augmentation and administrative space requiring \$2.8 million, must be started by the Spring of 1977. They must be ready beginning in January of 1979 as required by the International Olympic Commission when preparatory activity for the Games begins. Preparation for construction must begin immediately. Given the very short construction season in the Lake Placid area, any slippage in the schedule could mean that the U.S. would be unable to host the Winter Olympics in 1980.

The Lake Placid Organizing Committee has a severe financial problem. They do not have funds with which to operate the planning, architectural, and engineering programs necessary for meeting an April 1977 construction schedule. Without immediate assurance of future financial support from the Federal Government, their efforts to hold the 1980 Winter Olympics in Lake Placid could collapse. Accordingly, the Department of Commerce proposes that \$30.1 million, funds already appropriated for FY 1977, be reprogrammed from the Economic Development Administration Title I Public Works program in order to enable the Lake Placid organizers to proceed. This would provide the assurance that Federal funding will be available when all normal conditions of application to EDA have been met. Although actual obligations and disbursements to Lake Placid cannot be made until February 1977, providing



for the Olympic projects in the EDA funding plan will allow them to make interim financial arrangements so that work can proceed. The delay in the formal obligation and disbursement of funds is expected to occur in meeting requirements of the National Environmental Policy Act, as amended. This requires a total waiting period of 120 days from the issuance of the draft environmental impact statement, which was accomplished and announced in the Federal Register on October 18, 1976. Hearings on the draft statement were begun November 10 at Lake Placid. The next is scheduled November 18 at Albany.

The \$30.1 million proposed for reprogramming will cover only those projects which must be started at the present time. It will be possible to fund the \$4.9 million of remaining work in fiscal year 1978. The balance of the \$49.0 million authorization is \$14.3 million; this is for athletes' housing. The Lake Placid Organizing Committee is studying alternatives to providing high cost temporary housing, for which there would be no residual use. The Commerce Department is working with them to investigate alternatives which would provide housing with a permanent residual use and to consider the option of housing athletes off of the site. A proposal will be made as soon as all solutions have been studied and the best one selected.

The enclosure to this letter lists the projects for which reprogramming is proposed and displays the outlay effects by fiscal year. The Department stands ready to answer any questions you may have. I urge your favorable consideration of this proposal.

Sincerely,

Elliot L. Richardson

Enclosures

XIII OLYMPIC WINTER GAME

Cash Flow  
Type of Facility  
(By Fiscal Year)

<u>Items Requiring Obligation of Funds in FY 1977</u>	<u>FY 1976 TO</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>Total</u>
<u>Permanent, unique facilities:</u>						
400-Meter Speed Skating Oval.....	\$57,733	\$1,278,667	\$889,879	\$59,908	\$34,352	\$2,320,529
Field House.....	325,401	3,486,619	8,845,548	2,614,293	232,302	13,504,163
Renovation of Existing Arena.....	33,282	432,053	443,748	1,051,018	20,463	1,980,564
70- and 90-Meter Ski Jump.....	58,055	1,882,963	1,043,251	80,548	46,979	3,111,796
Luge.....	110,995	2,656,889	1,461,287	113,472	65,635	4,408,278
Subtotal.....	585,466	9,737,191	12,683,713	3,919,244	408,732	21,334,346
<u>Other Facilities:</u>						
Utilities (Power and water).....	19,534	585,212	1,296,482	49,216	28,748	1,979,192
Administration Offices	9,370	535,269	284,725	24,696	14,628	868,628
Subtotal.....	28,904	1,120,481	1,581,207	73,912	43,376	2,847,880
Total Funded By Commerce	614,370	10,857,672	14,264,920	3,993,156	452,108	30,182,226



DEPARTMENT OF COMMERCE

Notification of Proposed Reprogramming

FY 1977

Operating Unit: Economic Development Administration  
 Appropriation: Economic development assistance programs  
 Program: Public works grants

FISCAL SUMMARY

		(Amount in thousands of dollars)
	Perm. <u>Pos.</u>	<u>Amount</u>
1. <u>Reprogrammed from:</u>		
Public works grants (I) .....	...	-\$30,100
2. <u>Reprogrammed to:</u>		
Public works grants (I) 1980 Winter Olympics .....	...	+\$30,100

DESCRIPTION/JUSTIFICATION

Public Law 94-427 of September 28, 1976, has authorized the Secretary of Commerce to support the 1980 Winter Olympics to be held in Lake Placid, New York in February 1980. This expression of support has come very late in the cycle of planning and construction which must precede the Olympic Games. If the facilities are to be ready beginning in January of 1979 as required by the International Olympics Commission when preparatory activity for the Games begins, construction on permanent sports facilities and other support facilities must be started by the Spring of 1977.

EFFECTS

The proposed reprogramming will cover those projects which must be immediately started in 1977. The immediate effect of the reprogramming will be to assure the Olympic Organizing Committee of future financial support from the Federal Government. The subsequent approval of the initial olympic project to be funded from the reprogrammed funds will satisfy the Committee's pressing need for cash to meet their obligations.

THE WHITE HOUSE  
WASHINGTON

February 16, 1977

Hamilton Jordan -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jack Watson

Re: Report to President by Messrs  
Hill, Jordan & Russell on  
Conferences Held with Cabinet



THE WHITE HOUSE  
WASHINGTON

The attached is forwarded to  
you for your information.

The Vice President

Midge Costanza

Stu Eizenstat

Hamilton Jordan

Bob Lipshutz

Frank Moore

Jody Powell

Jack Watson

Rick Hutcheson

THE PRESIDENT HAS SEEN.

DISCUSSION NOTES

15 FEBRUARY 1977

3 PM WHITE HOUSE

MEETING BETWEEN

Jesse Hill, Jr., Vernon E. Jordan, Herman J. Russell

AND

PRESIDENT JIMMY CARTER  
Hamilton Jordan

*Ham J*

**Electrostatic Copy Made  
for Preservation Purposes**

REPORT TO PRESIDENT CARTER ON CONFERENCES  
HELD WITH MEMBERS OF HIS CABINET

We have attached a copy of our schedule of meetings last Thursday, February 11, 1977 with Cabinet Officers.

Herman Russell and Jesse Hill, Jr., met with Secretary Patricia Harris, Secretary Ray Marshall, Secretary Brock Adams and Secretary Juanita Kreps. In order to maximize our time with these cabinet officers, we postponed our conferences with our friends, Attorney General Griffin Bell and Budget Director Bert Lance.

In our discussions with the Cabinet Officers, we simply told each of them that we wanted to do everything in our power to help our President have a successful administration of service to our people in every area of his responsibility to the end that he would become a truly great President. We indicated that the President could not be very successful unless each of his cabinet members were successful. We offered each of them our volunteer services and support.



In the case of Secretary Harris, we were prepared for and had in depth discussions of her department (See attached discussion notes).

In the case of Secretary Marshall. Secretary Adams and Secretary Kreps, we offered the following:

1. To make ourselves available for an in depth meeting (45 minutes to One hour) within two to three weeks.
2. At such a meeting we will prepare a white paper on their department on their request.
3. That, although, we had been swamped with resumes and job inquiries, we had avoided getting involved. If they wanted our involvement in staffing at any level we were available.

Each Cabinet Officer enthusiastically answered affirmatively and requested the follow-up meeting. They knew more about us than we expected and asked our help on an ongoing basis.

## OFFER OF VOLUNTEER SERVICES TO OUR COUNTRY AND THE PRESIDENT

We take this opportunity to formally offer our volunteer services to our President and Our Country, on an "On Call 24 Hours" basis.

Special examples and possibilities:

1. Vernon has had extensive experience of serving on Presidential task forces, study groups and commission of previous presidents.
2. Jesse has similar experiences though less extensive than Vernon's.
3. Herman is ideally situated to help and advise in the Housing field. He is the largest builder in the South of housing under federal programs regardless of race.
4. More specifically Jesse along with John Bragg, President of the Life of Georgia and current president of the Society of Actuaries, are two of the most respected persons in the country on the pending issue of National Health Insurance. Together or separately they could pull together representative of all sides of the health issue (Congress, Labor, Insurance, Consumer and Health Industry, along with Stu Kizenstat. The deminision of the problem that needs the most attention is the controlling of health cost. Jesse has had discussions with Senator Talmadge who is Chairman of the Health Sub-Committee of the Senate Finance Committee.

## ESTABLISH BASIS FOR FUTURE COMMUNICATIONS WITH THE PRESIDENT AND WHITE HOUSE STAFF

SUGGEST THAT WE GENERALLY LOOK FORWARD TO A "BASE TOUCHING MEETING" AT LEAST ONCE EVERY 3 MONTHS ARRANGED AT THE INITIATIVE OF THE WHITE HOUSE.